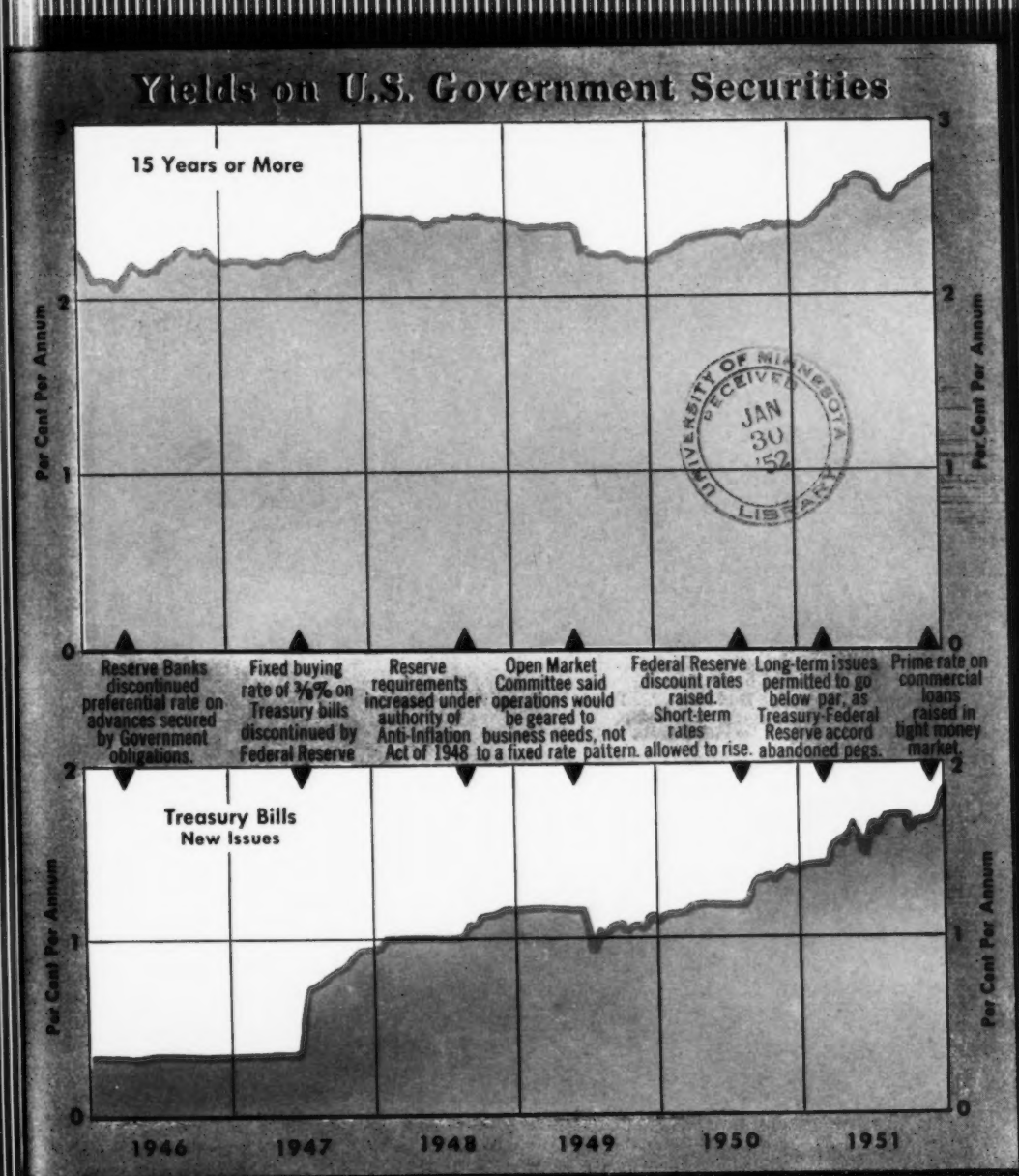


# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

FEBRUARY 1952





Robbery of the First National Bank of Cisco, Texas - December 23, 1927.

## THE SANTA CLAUS ROBBERY

It was just two days to Christmas — and Cisco was alive with holiday cheer.

Cashier Alex Spears smiled as Santa Claus, followed by four or five laughing children, entered the bank. But there was no answering friendliness in Santa's eyes — nor in the icy voice which ordered everyone to freeze where they stood.

Gambling her life, a mother whose daughter had followed Santa into the bank slipped through a side door and ran for the police.

Meanwhile "Santa Claus" and three accomplices scooped \$12,000 from the vault and, as two of the bandits snatched a pair of little girls as shields, started for the street.

In the withering gun battle that ensued, Cisco's Police Chief and another officer were mortally wounded. Six private citizens were hit. One bandit died next day of wounds, but the others escaped.

Poses blanketed the area, found the children miraculously unharmed in the abandoned getaway car — where a flat tire had forced the fugitives to flee on foot. Within a week, these, too, were rounded up. But the trail of death was not yet ended.

In an attempted escape, the nightmare Santa Claus killed his jailor and died himself at the hands

of incensed citizens. One companion was electrocuted, and the remaining bandit is still in prison for his part in the bloody Christmas raid of the notorious Helms-Ratliff gang.

\* \* \*

*Almost inevitably, bank robbers lose the last round to the forces of law and order. But the toll of their depredations remains behind them, and new desperados constantly take their places to threaten a bank's financial security.*

Only adequate, well-organized insurance can provide truly reliable protection — particularly when embezzlement, liability, fire and the many other hazards beyond armed robbery are considered.

Using the scientific Aetna Plan, pioneer system of risk and insurance analysis, your local Aetna representative can develop for you a program expertly tailored and continually maintained to fit your particular needs. His services have helped many banks improve their protection substantially.

## AETNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY

Aetna Life Insurance Company

Aetna Casualty and Surety Company

Hartford 15



FIRE AND MARINE

Automobile Insurance Company

Standard Fire Insurance Company

Connecticut

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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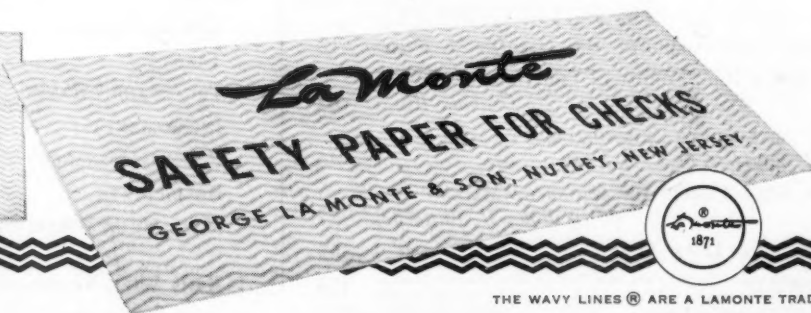


### **... of course I'll want my bank's opinion**

The note of pride discernible when a man mentions his bank is quite natural. All banks strive, in building the background of prestige that serves their customers so well, to overlook no contributing detail. Among other elements of importance is the selection of safety paper. The long and impressive list of banks, both here and abroad, which regularly specify La Monte Safety Papers for their checks, is evidence that here is quality and safety leaving little to be desired.

#### *A Check Paper All Your Own*

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.



THE WAVY LINES ® ARE A LAMONTE TRADE-MARK



# Just a Minute

## The Forum in Print

**B**ANKING'S 1952 Forum in Print—a friendly competition of bank advertising programs—was by far the best of the three held so far.

The number of entries nearly doubled last year's total, and when all had been mounted at the Advertising Club of New York, for the consideration of the judges late in January, the display was indeed impressive. Surely today's bank advertising, as represented in our Forum, is dynamic, imaginative, readable and (apparently) productive. There wasn't a stodgy entry!

The board of judges, as usual, was asked to select entries that merited BANKING's Citation, and also to choose some for publication. The latter will appear in the March issue.

In addition, bank officers and advertising men in the New York area were invited to view the exhibit as unofficial judges.

This month's article by JOHN B. MACK, JR., head of the A.B.A. Advertising Department, reports on banks' advertising plans for the current year.

See page 46.

## What's Happening to Interest Rates?

**W**E put that broad question to the presidents of clearinghouses throughout the country, requesting that their replies cover the trend in rates on the average commercial loan, on mortgage and personal loans, and interest on time deposits during the past six months—particularly the past 30 days. We also asked the bankers' opinions on the possibility of this trend continuing during the first half of 1952.

The answers indicate that the definite firmness which was perhaps the outstanding banking event of 1951 is expected to continue.



"What's the rate if I borrow permanently?"

The information gleaned from our informal questionnaire is presented rather fully in this month's "The Outlook and Condition of Business," page 33. Generous excerpts from the replies provide an unusual cross-section of banking opinion on an important subject.

## Come to Think of It, Rudolph Wasn't There, Either

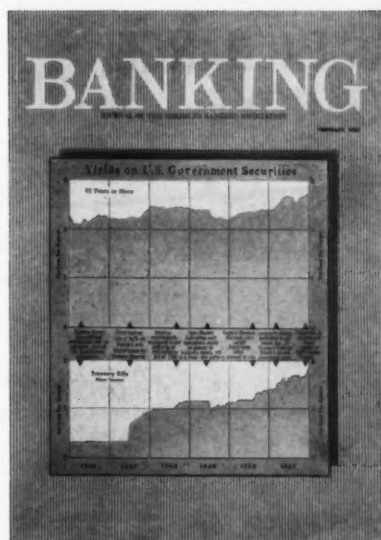
**F**ROM CHARLES R. HUEGELY, cashier of the Farmers and Merchants Na-

## BANKING

JOURNAL OF THE AMERICAN BANKERS' ASSOCIATION

### THIS MONTH'S COVER

The statistical data in the chart on this month's cover are from the Board of Governors of the Federal Reserve System. The chart is by Edward Willms, New York



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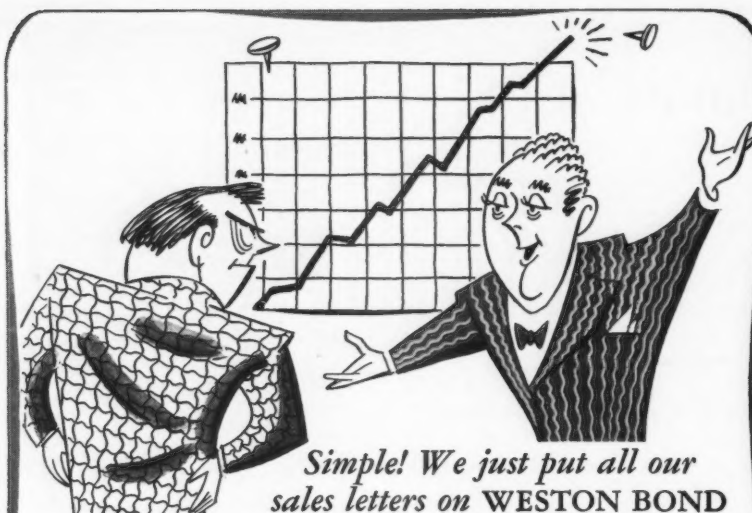
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# WESTON BOND

Made by the Makers of OLD HAMPSHIRE BOND and a Complete Line of Papers for Business Records



## THE FIRST NATIONAL EXCHANGE BANK of ROANOKE

Roanoke, Virginia

### STATEMENT OF CONDITION

December 31, 1951

#### ASSETS

Cash and Due from Banks	\$19,591,033.02
United States Government Obligations	33,743,004.81
Obligations of Federal Agencies	2,135,994.42
State, County and Municipal Securities	3,732,498.80
Other Bonds and Securities	713,351.61
Loans and Discounts	21,964,633.31
Banking Houses, Annexes and Equipment	995,854.40
Other Real Estate	77,565.92
Other Assets	38,287.62
	<u>\$82,992,223.91</u>

#### LIABILITIES

Capital	\$2,000,000.00
Surplus	2,000,000.00
Undivided Profits	1,412,010.91
Reserve for Interest, Taxes, etc.	335,459.16
Deposits	77,244,753.84
	<u>\$82,992,223.91</u>

J. B. Fishburn, Chairman of the Board  
C. Francis Cocke, President

Member Federal Deposit Insurance Corporation  
Member Federal Reserve System

tional Bank of Nashville, Illinois, came this note:

"Inflation works a hardship on every one, but I did not know that Santa had to butcher two of his reindeer to eat. If my memory is correct, he should have eight reindeer instead of six as BANKING for December shows."

Mr. HUEGELY is referring, of course, to that Christmas card cover, drawn by GRAHAM HUNTER.

When we showed Artist HUNTER the note and quietly asked "How come?" he scratched his artistic brow for a few seconds. Then he said: "Well . . . well . . . well!" (generously spaced, just like that.)

### That Gold Question

It's a pleasure to publish two commentaries on "What If Gold Is Restored?" which appeared in BANKING's December issue. This, you recall, was our question of the month, and presented the views of E. M. BERNSTEIN, director of the research department of the International Monetary Fund, under the heading "A Backward Step," and of PHILIP M. MCKENNA, national chairman of the Gold Standard League, whose contribution to the discussion was entitled "A Golden Opportunity."

One letter is from M. R. JEFFRIS, president of Northland Lakes Inc., Rhinelander, Wisconsin. He writes:

I was greatly interested in the two articles in your December issue by E. M. Bernstein and Philip M. (CONTINUED ON PAGE 6)

"Make yourself a reminder to open a new account at the bank tomorrow, Myron. The old one is empty"







**Petroleum:** In production, Southern California is America's No. 2 oil area—its 980,000-barrel daily output topped only by all Texas. In refining, the area accounts for over half of the state's 30,500 oil workers and their annual payroll of \$140,000,000.



## SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

### Statement of Condition

December 31, 1951

#### RESOURCES

Cash and Due from Banks .....	\$ 376,270,783.39
U. S. Government Securities .....	\$901,032,345.21
State and Municipal Securities .....	59,577,436.80
Other Bonds and Securities .....	16,555,686.56
Loans and Discounts .....	977,165,468.57
Earned Interest Receivable .....	501,614,419.30
Customers' Liability under Acceptances and L/C .....	4,915,680.42
Bank Premises .....	4,209,470.71
Other Assets .....	4,338,866.84
	121,831.73
<b>TOTAL .....</b>	<b>\$1,868,636,520.96</b>

#### LIABILITIES

Capital .....	\$ 30,000,000.00
Surplus .....	30,000,000.00
Undivided Profits .....	47,890,907.84
	\$ 107,890,907.84
Reserves for Interest, Taxes, etc. ....	16,435,424.41
Interest Collected—Unearned .....	2,856,724.67
Acceptances and Letters of Credit Liability .....	4,209,470.71
Other Liabilities .....	216,268.07
Deposits—Time .....	\$ 606,383,548.71
—Demand .....	1,130,644,176.55
	1,737,027,725.26
<b>TOTAL .....</b>	<b>\$1,868,636,520.96</b>

Securities carried at \$176,054,592.51 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

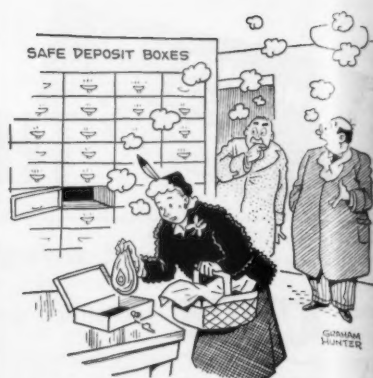
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134 Offices and Branches serving  
 Central and Southern California

MEMBER FEDERAL RESERVE SYSTEM  
 MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"Joe's idea about keeping these cool might bring a little business, but I'm skeptical"

(CONTINUED FROM PAGE 4)

McKenna. It seems to me, however, that Mr. McKenna missed "A Golden Opportunity" to point up the inconsistencies and anomalies in Mr. Bernstein's article. [Editor's note: It happens that Mr. McKenna did not see the Bernstein article before its publication.]

Mr. Bernstein says, for instance, that in establishing an international gold standard, national currencies should be defined in terms of gold; that parities so established should not be lightly changed; that gold reserves should be accumulated to protect these parities (presumably from being lightly changed).

Then, in a final paragraph, he says: "It is futile to seek to restore any historical feature of the gold standard which is now impractical and even harmful." He obviously holds monetary stability on a gold standard in about as high regard as Mr. McKenna, but balks at the idea of doing anything practical to secure it.

Without intending any disrespect, his article reminds me of a soap box orator in Hyde Park, London, many years ago. After a general denunciation of the Divinity, churches and religion, this man wound up his tirade in these words: "My father was an atheist, my mother was an atheist, and I thank God that I am an atheist!"

You yourself have contributed to the general gaiety by making Mr. McKenna say: "... American industry is so productive that we have more experts (sic) than imports." I am sure that on that Mr. Bernstein, Mr. McKenna and your devoted correspondent will all sing in harmony "I'll say we do!"

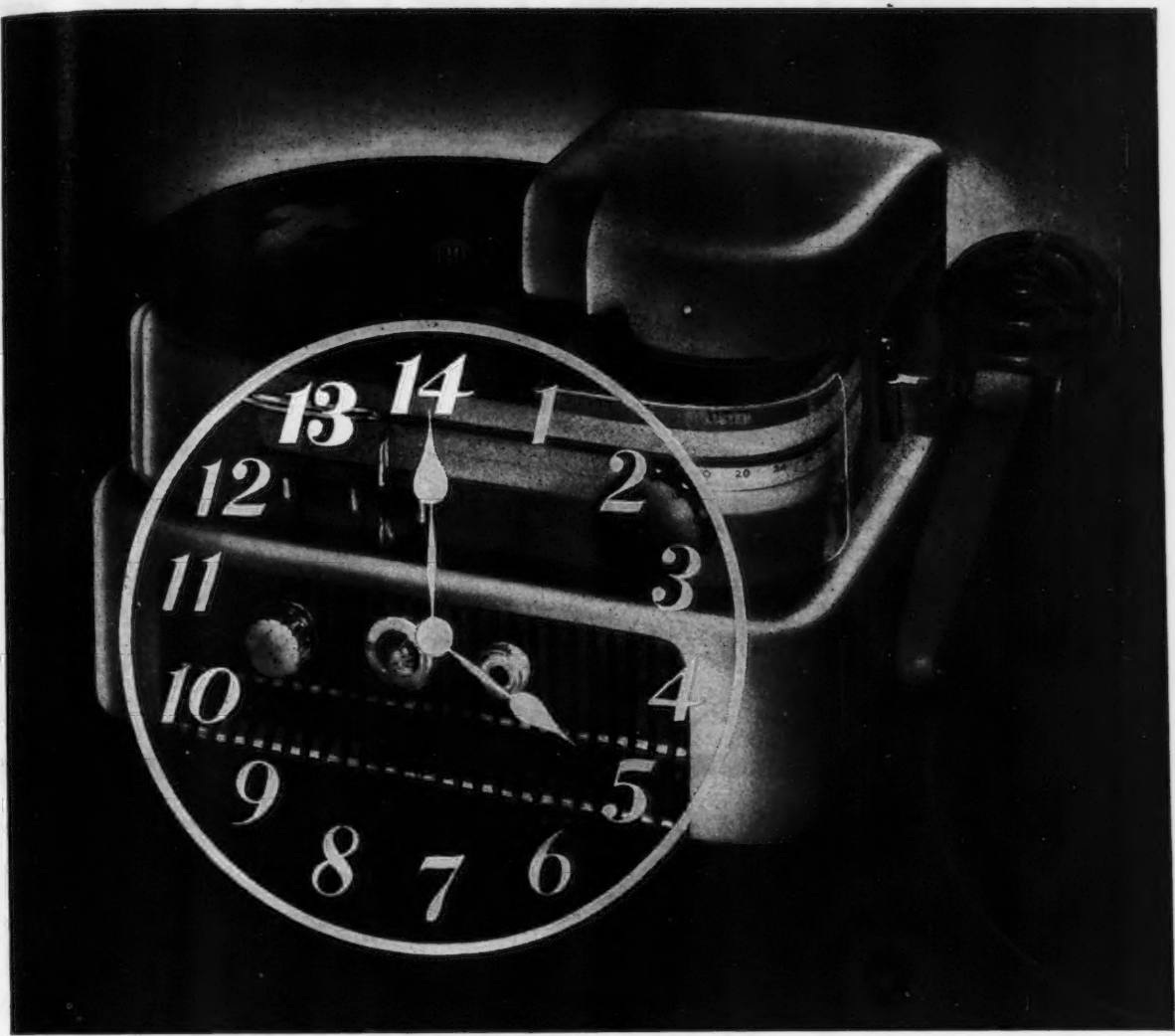
[Inadvertent substitution of "e" for "o" in "exports" certainly produced an unexpected effect!]

#### "A Mirage of Technical Phraseology"

THE other letter is from EVAN JUST, editor of *Engineering and Mining Journal*, New York. He writes:

Although I do not think that Mr. (CONTINUED ON PAGE 11)





## Let Audograph net you two more hours a day

What's on the way up in *your* office? Paper work. Your secretary's salary. The pressure on you to get things done. And above all, more *time* is needed for today's bigger job.

But put the versatile GRAY AUDIOGRAPH to work for you and office output is increased up to 30%. You *save time*—up to two hours a day—because it's the simplest, easiest-to-operate dictation system of all.

The AUDIOGRAPH plastic disc holds an hour's dic-

tation—28 typewritten pages. The exclusive electro-matic index shows your secretary message length and indicates corrections. One-lever control is all you need to operate—no complicated adjustments. And while you *soundwrite* conferences, sales reports, letters, memos, your secretary is free to handle details that used to eat up *your* valuable time.

Mail the coupon today...find out how you, too, can save up to two hours a day!

*Gray*  
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Features make it finest

The Gray Manufacturing Company,  
Hartford 1, Connecticut  
Send me Booklet U-2  
"Manpower—starts with YOU!"



NAME \_\_\_\_\_

TITLE \_\_\_\_\_

FIRM \_\_\_\_\_

STREET \_\_\_\_\_

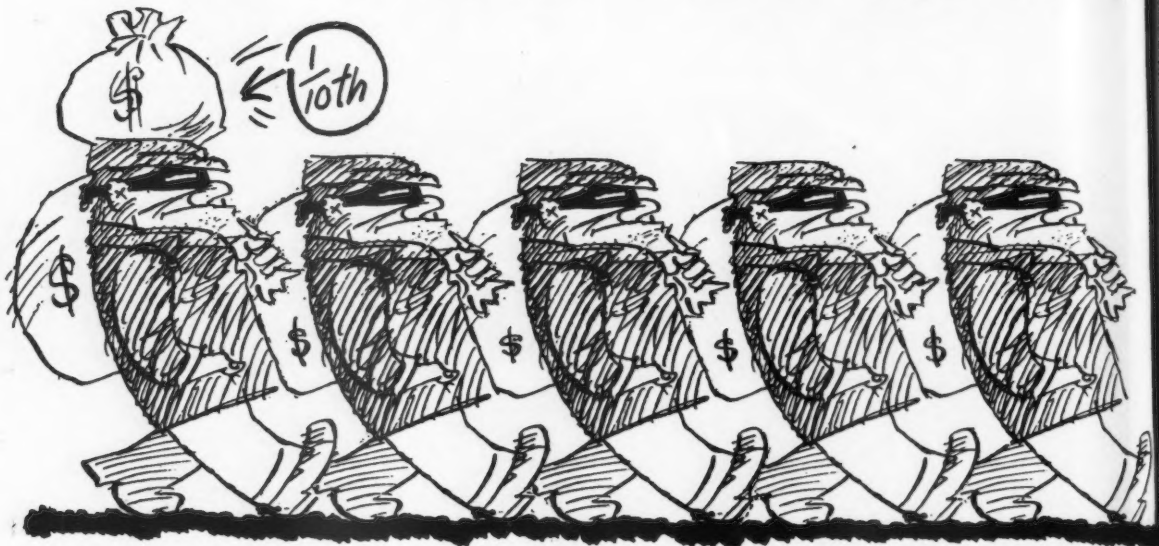
CITY \_\_\_\_\_

**AUDIOGRAPH** sales and service in 180 U.S. cities. See your Classified Telephone Directory under "Dictating Machines." Canada: Northern Electric Company, Ltd. Abroad: Westrex Corporation (Western Electric Company export affiliate) in 35 countries.

TRADE MARK "AUDIOGRAPH" REG. U. S. PAT. OFF.

# IS HONESTY THE BEST

(OR IS OUR COMPREHENSIVE CRIME POLICY



IT'S A CRIME WHEN YOU CONSIDER THAT ONLY ABOUT 1/10 OF THE



TO HELP KEEP YOU FULLY PROTECTED  
AGAINST UNSUSPECTED LOSSES WHEN  
CRIMES OCCUR, AMERICAN MUTUAL  
GIVES YOU THE ADVICE OF CRIME  
INSURANCE EXPERTS...

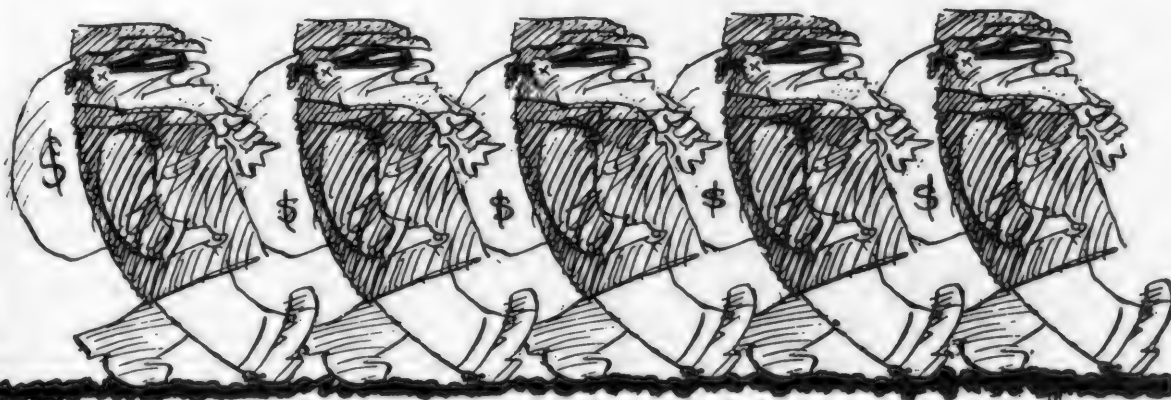


AS A SPECIAL SERVICE TO PREVENT CRIME  
WHENEVER POSSIBLE, WE SEND EVERY  
CRIME POLICY-HOLDER THIS TO PAGE  
CRIME LOSS CONTROL BOOK  
DESIGNED TO ELIMINATE FRAUD  
AND OTHER CRIME POSSIBILITIES!

# POLICY ?...

SAFER?)

— BY  
Mr. Friendly

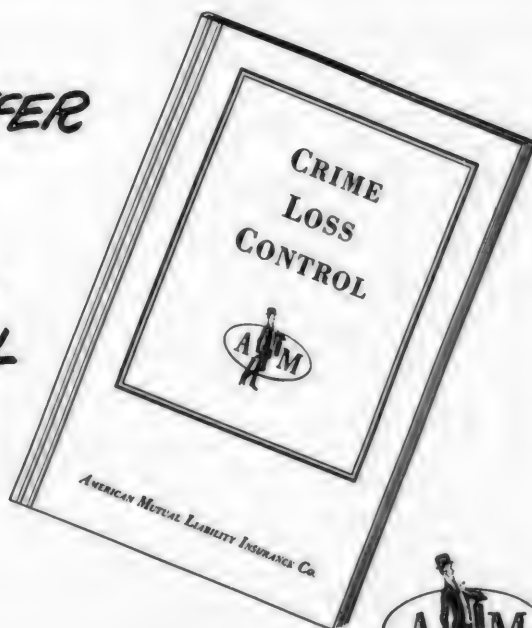


PROVEN FRAUD LOSS IN AMERICA IS COVERED BY INSURANCE!

LIMITED OFFER

TO

ACCOUNTING  
and FINANCIAL  
EXECUTIVES



In this 70-page book you'll find 20 *diagrammatic charts*, showing division of duties for effective controls . . . new information on fraud possibilities and methods of prevention, plus physical safeguards for burglaries, holdups and thefts.

Unfortunately, there are only a limited number of copies of "CRIME LOSS CONTROL." And, since our book could only be helpful to executives dealing in company finances, we hope you'll forgive us for asking you to *request your free copy on executive stationery of recognized companies.*

Write: Dept. B-2, American Mutual Liability Insurance Company, 142 Berkeley Street, Boston 16, Mass.



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National Homes designers have always avoided architectural extremes. As a result, Nationals erected ten or twelve years ago are still smart and saleable. The Nationals being produced now will be just as acceptable a decade hence. National Homes are today's outstanding values for home buyers . . . today's outstanding source of sound investments.



*National Homes prefabricated panels and structural parts are commended by Parents' Magazine as advertised therein.*

**NATION'S LARGEST PRODUCERS  
OF PREFABRICATED HOMES**





(CONTINUED FROM PAGE 6)

McKenna made the most of his subject, it seems to me that Bernstein's views are typical of the fuzzy thinking that so pervades Washington these days. In effect, he says we cannot touch the reserves because the impact would be too serious. Therefore, presumably we should go on substituting manipulation for the only real cure for currency difficulties, namely, national productivity and thrift. These fellows, like Bernstein, get themselves so surrounded by a mirage of technical phrasology that they are hypnotized by the high sounding nature of the words.

Another point I would make is that I don't see any sense to gold reserves if Government officials continue to deny the public access to gold. They are trying to destroy the only thing which makes gold reserves significant, namely, public esteem.

And beyond that, what good is any kind of reserve as a supporter of Government finance when it is perfectly evident that people like Mr. Bernstein would never let it be used for reserve purposes when reserves have to be drawn upon?

We know that the United States Government is completely dishonest in its money affairs. It first put itself through bankruptcy when the Supreme Court underwrote the Treasury gold certificate swindle, and we destroyed all reasonable confidence in reserves when, up against a curb that restrained our spending administration, we simply legislated a loan reserve ratio.

If an individual indulged in that kind of shenanigans he would, or should, go to jail.

### Good Reading

**BANKING's** personal meditations at the beginning of the new year were brightened considerably by two pleasant booklets.

One came from that nimble versifier **ROD MACLEAN** who is also assistant vice-president of Union Bank & Trust Company of Los Angeles and third vice-president of the Financial Public Relations Association. Rod collected, for holiday presentation, a number of his verses which had originally appeared in numerous newspapers and national magazines. The too-brief, red-jacketed booklet was entitled "Sizzons Greetings," after the first poem which made its debut in a Los Angeles newspaper column and was subsequently reprinted several times.

The other contribution to our holiday cheer was "Arizona Soliloquies," by **HERBERT A. LEGGETT**, vice-president and economist of Valley National Bank, Phoenix. This is mainly a selection of editorials which have appeared in *Arizona Progress*, edited by Mr. LEGGETT, and several



## "Nitro" Sam didn't read your insurance policy . . . .

Sure, you're insured and won't lose a penny (except a possible 66 $\frac{2}{3}$ % increase in blanket bond premiums because of loss of experience credits). But what about your safe deposit box customers . . . their uninsured loss . . . ? What about your prestige in your community?

Should your vault be burglarized tonight, could you explain your lack of proper burglar alarm protection to your customers and directors? *No vault with a McClintock Grade A Alarm has ever been attacked successfully!*

Use the coupon below to learn how your vault . . . regardless of construction . . . can have absolute protection.

## STOP Attack BEFORE it BEGINS

with *McClintock*

**Burglar Alarm Systems**

(U/L APPROVED)



**NO BURGLAR has ever defeated the McClintock Alarm!**

BANK VAULT EQUIPMENT • BURGLAR ALARMS  
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FILM • ROTARY, VERTICAL AND VISIBLE  
FILING EQUIPMENT

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☐ I want to see the facts on Vault Alarms, without obligation.

☐ Send me information on Vault Alarms.



NAME \_\_\_\_\_

TITLE \_\_\_\_\_

BANK \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_

"PRE-EMINENT SINCE 1859"

# "IT'S BETTER N' A GOLD RUSH!"



More valuable than any gold strike are the fabulous mineral reserves newly discovered in Canada . . . oil and natural gas in the Prairies—iron ore in Northern Quebec, Labrador and Ontario—titanium in Quebec—uranium in Ontario and Saskatchewan.

To assist in the development of these discoveries, U. S. business invested an estimated \$1 billion in Canada in 1950—more than during all four years from 1946-49.

Your expansion-minded customers may find profit in this Canadian "gold rush." To investigate the possibilities of mining, processing, manufacturing or merchandising, let Canada's first bank—the Bank of Montreal—act as your agent on-the-spot.

For information on exchange, tax provisions, leases, plant sites or prospects, contact any of our three U. S. offices or write the Business Development Department, Bank of Montreal, Place d'Armes, Montreal.

**"MY BANK" . . . at**  
TO A MILLION CANADIANS  
**B of M**  
New York - - - - 64 Wall St.  
Chicago - - 27 S. La Salle St.  
San Francisco - 333 California St.

## BANK OF MONTREAL

Canada's First Bank Coast-to-Coast

Head Office—Montreal

550 Branches Across Canada

RESOURCES EXCEED \$2 BILLION

sprightly poems and epigrams. WALTER R. BIMSON, president of the bank, prefaces the 52 pages with an introduction of the author who, says Mr. B., feels that "statistics need not be dull, complicated or mysterious—and writes accordingly." He certainly does!

### Light

**F**ORDE STEELE resumes this month his series on bank layout wherein he is discussing the practical advantages of carefully planned design, arrangement, and accessories.

The February theme is lighting. "After getting into this subject," Mr. STEELE tells us, "I found there was so much more to 'lighting' than I had originally anticipated that I felt it advisable to devote the entire article to it."

He explains 10 principles of good lighting, suggests how specific areas in the bank can be illuminated, and defines terms and types of lighting.

Subsequent articles will cover a wide variety of banking's house-keeping assets. When the series is completed we shall probably reprint the instalments in booklet form.

Mr. STEELE is assistant cashier of the Central National Bank of Cleveland.

### The Bank Women

**M**RS. NANCY B. STAUB, president of the Association of Bank Women, compliments us on the article "Careers for Women in Banking" by MARY B. LEACH of this magazine's

staff. The first instalment appeared in January; the concluding section is published this month.

"I am particularly pleased," says Mrs. STAUB, "to see this article in **BANKING** at the present time when the personnel problem is so acute and the women bankers throughout the country are making every effort to supply the missing links and to prepare themselves for even greater responsibilities."

She is also glad that the article "emphasizes the advantages of banking as a career and points out the disservice rendered to graduates by school placement consultants who discourage graduates" from going into banking.

Mrs. STAUB is assistant secretary and assistant trust officer of the Morristown (N. J.) Trust Company.

### Erin (N. Y.)

**T**HE little town of Erin, New York, which usually rates a newspaper dateline come March 17, gets this advance publicity in **BANKING** because its 1952 plans for honoring St. Patrick again include use of the 3-cent stamp issued in 1950 to mark the 75th anniversary of the A.B.A.

Letters mailed from Erin on that day, we are informed, will bear the green commemorative, with a sham-rock cachet. Sponsors of the philatelic festivities have 10,000 A.B.A. stamps salted away for the purpose.

The man in charge is Thomas A. Banfield, 223 Crete Avenue, Elmira, New York.

JOHN L. COOLEY.

"Have a comaker sign it? Goodness, I don't even know what a 'co' is, much less anybody who makes them!"



# Allis-Chalmers Builds the Basic Tools of Industry

Travel the country over . . . down quiet farm roads, along superhighways, up "main street" of the largest cities . . . you'll see Allis-Chalmers equipment in action.

*For Allis-Chalmers builds the basic tools of industry.*

Wherever the pioneering work of industry goes on to develop the rich, raw resources that create our national wealth, the big orange Allis-Chalmers equipment is a familiar sight. You'll see it in metal and coal mines, big dam projects, building and highway construction, farms, oil fields, logging camps and sawmills . . . wherever industrial activity is going on.

Back of each machine built in the six Tractor Division plants is the skill and experience of approximately 14,000 employees and over 5,000 dealers and their employees. They are Allis-Chalmers — they are your guarantee that an investment by your customers in Allis-Chalmers equipment is sound.

To become better acquainted with the complete line of A-C equipment or to see it at work, you are invited to visit your Allis-Chalmers dealer.



▲ **BIG CRAWLER TRACTORS** like this are available with and without front-end shovels in four sizes—HD-20, HD-15, HD-9, and HD-5.



▲ **MOTOR GRADERS** for road building and maintenance are available in five sizes ranging from 104.0 to 34.7 brake horsepower.



▲ **INDUSTRIAL WHEEL TRACTORS** with a complete line of versatile matched attachments for general work in industry are also available.



▲ **POWER UNITS** offer industry a dependable source of portable power in four sizes from 74.0 to 24.5 brake horsepower.

**ALLIS-CHALMERS**  
TRACTOR DIVISION • MILWAUKEE 1, U. S. A.

## Are YOU Ready for a TAX INVESTIGATION?



Not unless your records are systematically and safely stored . . . and readily accessible.



**FREE BOOKLET!**  
Send for our **MANUAL OF  
RECORD STORAGE  
PRACTICE.**

1. Tells how long to keep specific records for your protection.
2. Shows best procedures in record storage.

No obligation. Just clip this ad and mail to us on your letterhead. Offer good only in U.S. and Canada.



For economical record storage Liberty Boxes, with 25 stock sizes, answer your problems. 90,000 repeat users—positive proof of quality.

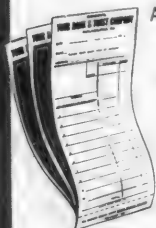
**SOLD BY LEADING STATIONERS EVERYWHERE**

**BANKERS BOX COMPANY**  
Record Retention Specialists Since 1918  
720 S. Dearborn St. • Chicago 5, Ill.

## Reduce the Cost of Handling Deposits Across the Counter



### with the **TRI-POSIT Plan**



A new system—faster, more accurate, more efficient, safer—developed jointly by leading bank controllers and America's foremost business forms manufacturer. Write for complete details today.

**American Business  
Systems**

1229 Belmont Ave., Phila. 4, Pa.  
TRinity 7-2700

## Even Trade-in for

# Dilapidated Dollars

**S**PEND your money and it's gone. But burn it and save the ashes, and you can get your money back again from the Treasury in brand new bills. Just be sure to save the ashes.

Every day envelopes and packages containing damaged or mutilated paper money come into the Treasury's Currency Redemption Division. A farmer loses his wallet while plowing and finds it again a year or two later, a matted wad of leather and paper. If he sends the whole to the Treasury, chances are he'll get 100 cents on the dollar for the contents.

A woman in Kansas who, not trusting the banks, kept her savings in banknotes in a box in the kitchen until it was apparently "ruined" by flood waters had only to send it in for redemption. The 25 experts in the Currency Redemption Division know how to take a pulpy mass that once was money and ascertain its components.

That's easy for them, in fact, compared with reading the ashes of burned money. The writer watched a woman in the Treasury working with a magnifying glass and a few pins on some black paper ashes. Viewed through a magnifying glass the engraving on the bits and pieces was clearly legible. From the hand-

ful of ashes this expert was able to identify various 20s, 10s, 5s and 1s which by all practical standards had been cremated. Even counterfeits can be identified after burning.

According to Assistant Chief Harry Libert, a piece of a paper note—or its ash—no bigger than a finger-nail may suffice to identify the denomination and kind of money, the series, the bank of issue and the note's genuineness.

All sorts of things happen to money. Dogs, rats and babies chew it, insects eat it, and accident macerates it. But money's worst enemy is fire, and the water which is used to extinguish fire. The home hoarder's lot is a risky one.

For, to get mutilated or burned money redeemed you need at least a piece of the money as proof. Uncle Sam does everything within reason to redeem damaged notes—no other government attempts as much—but he is no fool. If your fragment is less than two-fifths of a bill, you cannot get it redeemed without an affidavit and certificate of character.

Between two-fifths and three-fifths, your fragment if genuine will bring half the face value and no questions asked. Three-fifths or more bring full face value.

HERBERT BRATTER

One of the 20 skilled workers in the Mutilated Currency Section, Redemption Division, Office of the Treasurer of the United States. It takes five to 10 years to train an expert in the detection of mutilated currency





# Time-proved time-saver

## BURROUGHS COMMERCIAL TELLERS MACHINE

More than 11,700 Burroughs Commercial Tellers Machines are in service in the nation's banks. The users of these machines tell us that time is saved for customers and tellers from the start. They report that machine operation is simple and easy . . . that cash balancing is faster . . . that the flow of items to the proof department is speeded. And they save time again because an auditable, registered record of teller transactions is provided.

Obtain for *your* bank the lower costs that automatically follow these savings of time. Have your Burroughs representative show you the facts as proved by years of use in banks of every size.



WHEREVER THERE'S BUSINESS THERE'S

# Burroughs

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# Money Rates in Britain

F. BRADSHAW MAKIN

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*The author is a British writer on economic subjects. His articles have appeared frequently in BANKING.*

THE anti-inflation screw is now being turned in Britain. It is turning slowly, but that it is turning at all is welcome. The first move was the raising of the Bank of England's lending rate, the rate which indirectly governs all interest rates throughout the country. Directives have also been issued to the joint stock banks regarding their lending policies. The charges for accommodation by way of loans and overdrafts are now being increased, and in many instances borrowers are being pressed to reduce overdrafts. In general, interest rates are hardening—not much, it is agreed—but nevertheless this does mean that orthodox principles are being applied for the first time in many years.

The second move, which has attracted little notice, was the funding of \$28,000 of Treasury bills (\$2.80 = £). The banks, as large holders of Treasury bills, have converted some \$14,000 worth, and the effects of this conversion are of more than minor importance. In brief, the Bank of England is now in a position to exercise a more effective control over the general credit situation than has been possible for 15 years.

## London Money Market

This arises because of the peculiar set-up of the London money market, which differs from any other financial center. In Britain the excess of deposits over the demand for banking accommodation is utilized in the money market. These funds are lent on the market to the bill brokers at call or short notice; they are used in the discounting of bills, particularly Treasury bills, and they are invested in government and gilt-edged securities or deposited at the Bank of England. What are known as the liquid assets of the British banks consist, therefore, of their cash at

the Bank of England, call money, and bills. These assets, which are practically the equivalent of cash, accounted for some 30 percent of total deposits in prewar days. During recent years, as a result of Treasury policy, the banks' holdings of Treasury bills have grown, with the result that their liquid assets have averaged about 40 percent of deposits. This exceptionally high ratio has meant that the banks could increase their cash base and hence their advance by cutting down bill purchases, or by calling in market loans. Unduly high liquidity has prevented the central bank from exercising a control over the banks' cash base, and without such control the credit system can expand rapidly.

## Liquidity Ratio Normal

The funding operation, however, has in a matter of days cut the liquidity ratio down to normal. Money market assets, i.e., call money and bills, have fallen from 31 percent to about 23.6 percent, and the total liquid assets from 39 percent to 32 percent. The practical outcome of this change is that the central bank, without any further rise in its interest rate, can exercise a powerful influence on the banks. The cash base of the banks cannot now be broadened to any marked extent by pulling in market funds. The years of rigidity in market rates have given way to orthodox flexibility, and the bill market in times of stringency may be forced to borrow from the Bank of England at an unfavorable rate. The only way in which the banks could finance additional advances would be by selling gilt-edge securities. One can hardly imagine that the central bank will be willing to purchase securities if by so doing it limits its power of control.

That the hardening of interest rates is slowly having effect receives confirmation in a recent announcement by a leading building

society of an increase in the rates charged for mortgages. Other societies are expected to make a similar announcement in the near future. Most of the leading societies have already raised their deposit rates by  $\frac{1}{4}$  percent. This has usually preceded a rise in lending rates.

As a further move by the authorities, a specific request has been made to the banks and finance houses to limit the provision of facilities for hire purchase. During the war hire purchase fell to very low levels, but of recent years it has grown considerably. Though no authoritative data exists, it is felt that hire purchase is now being practiced on a very large scale. Not only have individuals been making use of hire purchase to replenish their homes after the scarcities of war, but many industrial concerns have been purchasing new equipment on the instalment system. The nationalized industries, in the shape of the gas and electricity boards, have been pushing the sales of their equipment on a hire purchase basis. In fact, in many instances they try to dissuade a purchaser from paying cash. In Britain there are several large financial houses specializing in the provision of hire purchase finance, and many others of lesser importance. A large part of their resources do undoubtedly arise from bank loans, and it is on these that the first squeeze will take effect. The banks will raise their rates and also reduce their lendings. Additional outside funds will be difficult to obtain, and an appeal to the public would not be sanctioned.

## Two-Fold Objective

The pressure being applied against hire purchase trading has a two-fold objective. The first is to restrict credit and so exercise a small anti-inflationary effect, and the other is to discourage the production of certain goods for the home market. The authorities wish to prevent labor and materials being used for home consumption goods when they could be more advantageously used for rearmament or export.

The main ray of hope, however, in the steps being taken against inflation is that financial orthodoxy is again coming into existence. Exhortations, edicts, and directives may have their uses, but they cannot compel like the hard force exercised by the monetary machine.



## Popular and realistic trend!

**These all-electric G-E homes were financed by a Chicago lending institution under the "Packaged Mortgage" Plan!**

17,000 people lined up one week end to see these builders' homes in the Chicago area, and 131 of the houses were sold in one week at \$10,950 each.

One of the principal attractions of the house is the General Electric Kitchen-Laundry. Another great attraction is the popular and realistic trend of financing: A Chicago lending institution financed the all-electric kitchen-

laundry by including it in the mortgage. (Even today it adds as little as \$5.94 extra a month!)

This makes it possible for many people to afford a General Electric house. It makes the buyer a willing mortgagor. And it protects the lending institution's interests.

More and more lending institutions are now financing homes under the "Packaged Mortgage" Plan.

Why not plan on having General Electric Kitchen-Laundry equipment included in the "Packaged Mortgage." We think you, too, will find it very worthwhile. Home Bureau, General Electric Company, Louisville 2, Kentucky.

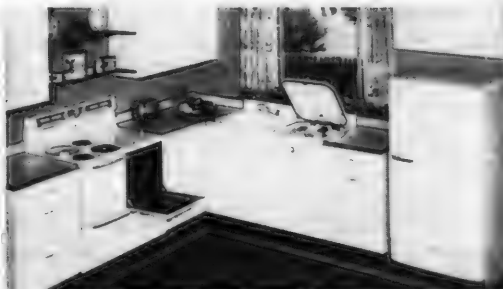
**Think of these advantages to your lending institution:**



Homeowners are more willing and able to meet payments because they need *not* assume short-term obligations for needed appliances.



Your mortgagor has a truly up-to-date house, one he's proud to maintain, thus protecting your interest in the property.



Remember, too, that the economical operation, low maintenance and long life of General Electric kitchen appliances may offset the slight increase in the home buyer's monthly payments.

**You can put your confidence in—**

**GENERAL  ELECTRIC**

# Goodwill from Gadgets

GEORGE M. WASEM

*The author is assistant vice-president of the Commercial National Bank, Peoria, Illinois.*

**S**PECIALTY advertising for many years has not been considered a satisfactory medium for banks. The oracles among the merchandisers of bank services have frowned on it as being undignified and wasteful. Few banks have seen fit to break the unwritten law.

Recently, there was occasion to review the attitude of banks toward the medium. The results were enlightening.

In preparing for the clinic on specialties at the recent convention of the Financial Public Relations Association, I surveyed 100 member banks and asked their attitude toward the use of specialties. The study cannot be considered a scientific sampling, although some consideration was given to the size and location factors.

Replies were received from 78 banks. Sixty-three indicated they used specialties as an integral part of their advertising programs.

Of the remaining 15 banks, 12 replied they used them on a limited basis, and confined themselves to "lucky" pennies and plastic pocket calendars, or sold items like calendar banks and coin books rather than giving them away. The other

three banks reported they did not use specialties.

In the cases of the 15 latter banks, most of the replies showed that the principal reason for limiting their use or restricting them completely was the problem of distribution.

## Distribution All-Important

Banks that have used specialties successfully realize that efficient distribution is all-important, and have carefully studied this question before entering the field.

Their items are selected with the utmost care so as to fit the class or type of customers being reached. Careless distribution results only in wasteful spending and disappointment. After all, it is no "trick" to give things away. The items cannot be deposited indiscriminately on all the front porches in town in the hope that such blanket coverage will generate sufficient goodwill to justify the cost.

Since specialties are a part of advertising, they should be given the same consideration offered any other medium. The experience of some banks has been hit and miss. In most cases, the reasons for the failures have never been properly analyzed.

Communications with prospects and customers should not neces-

sarily be confined to formal media like newspapers and radio. Under certain circumstances, these tools may not be the most efficient method of reaching them.

Many banks have been using specialties successfully for a period of years. Here are several examples of recent experiences.

At a county farm show held last fall in its community, the Butler Savings and Trust Company, Butler, Pennsylvania, distributed tee-shirts to youngsters, four to 14 years of age, who visited the bank's booth. The young people were asked to sign an information card giving their name, address, date of birth, and father's first name. Over 1,500 shirts were distributed. At least two benefits were immediately obtained. First, the bank had a mailing list which it used to promote its "Broncho Buster's Savings Club." Second, "For some time to come," J. B. Grieves, executive vice-president, says, "there will be some 1,500 billboards walking about the area with the copy 'Butler Savings and Trust Company, Main and Jefferson,' shining forth in bright red on a white background."

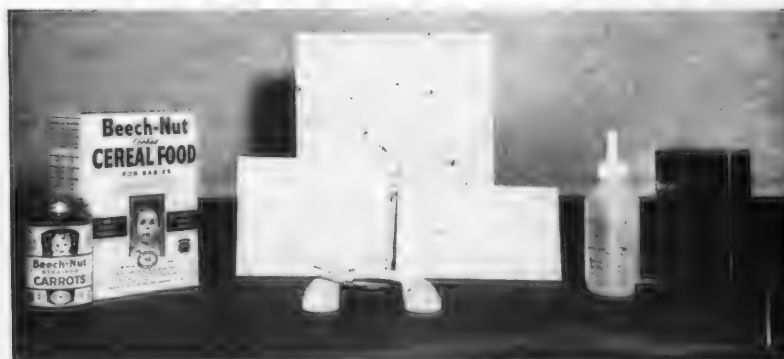
## Woodcut Scenes

For the past 14 years, The National Bank of Geneva, Geneva, New York, has had an artist do a woodcut of a local historical scene. The woodcut is reduced in size and placed on a small desk calendar. Each December, the calendars are mailed to a select group of women in that city chosen for their interest in the artist's work. Mrs. Ottilie D. Holbrook, cashier, writes, "A great many of our homes have framed the complete series of these woodcuts."

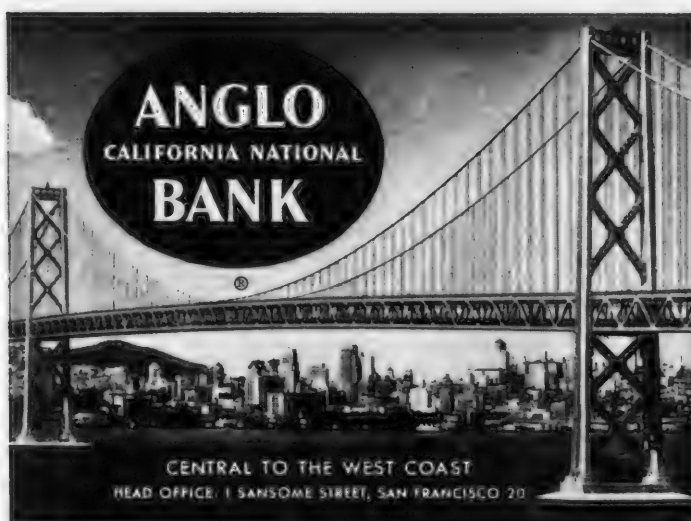
The City National Bank and Trust Company of Oklahoma City one Christmas gave its bank correspondents very attractive brass door plates. D. W. Hogan, Jr., executive

(CONTINUED ON PAGE 20)

The "nursery kit" of the Newtown (Massachusetts) Savings Bank







# STATEMENT OF CONDITION

December 31, 1951

## ASSETS

### CASH AND SECURITIES

Cash and Due from Banks . . . . .	\$149,565,814.17
United States Government Securities . . . . .	208,260,070.34
State and Municipal Securities . . . . .	38,732,049.47
Other Bonds and Securities . . . . .	8,745,477.31
<b>TOTAL</b> . . . . .	<b>\$405,303,411.29</b>

### LOANS

Commercial Loans . . . . .	\$123,959,997.70
Real Estate Loans . . . . .	85,325,466.81
Automobile and Installment Loans . . . . .	80,604,709.07
	<u>\$289,890,173.58</u>
Less: Reserve for Possible Loan Losses . . . . .	3,334,327.70
<b>TOTAL</b> . . . . .	<b>\$286,555,845.88</b>

### OTHER ASSETS

Accrued Income Receivable . . . . .	\$ 1,997,665.45
Stock in Federal Reserve Bank . . . . .	1,065,000.00
Bank Premises and Equipment . . . . .	5,999,400.21
Other Real Estate Owned . . . . .	81,877.39
Customers' Liability under Letters of Credit and Acceptances . . . . .	13,788,165.48
Other Assets . . . . .	1,131,808.68
<b>TOTAL</b> . . . . .	<b>\$ 24,063,917.21</b>

**TOTAL ASSETS** . . . . . **\$715,923,174.38**

## LIABILITIES

### DEPOSITS

Demand Deposits . . . . .	\$353,775,773.62
Time Deposits . . . . .	218,664,419.61
United States Government Deposits . . . . .	9,003,500.14
Other Public Deposits . . . . .	70,035,492.70
<b>TOTAL</b> . . . . .	<b>\$651,479,186.07</b>

### OTHER LIABILITIES

Dividends Payable . . . . .	\$ 900,000.00
Income Collected in Advance . . . . .	2,731,110.06
Letters of Credit and Acceptances . . . . .	15,043,101.70
Accrued Interest, Taxes, Other Expense . . . . .	3,474,213.03
<b>TOTAL</b> . . . . .	<b>\$ 22,148,424.79</b>

### CAPITAL ACCOUNTS

Capital Stock . . . . .	\$ 20,000,000.00
Surplus . . . . .	15,500,000.00
Undivided Profits . . . . .	4,710,656.27
Reserves . . . . .	2,084,907.25
<b>TOTAL</b> . . . . .	<b>\$ 42,295,563.52</b>

**TOTAL LIABILITIES** . . . . . **\$715,923,174.38**

Securities carried at \$111,155,910.23 are pledged to secure trust deposits, United States Government and other public deposits, as required by law.

## DIRECTORS

FRED W. ACKERMAN, *President,*  
*Pacific Greyhound Lines*

OTHMAR BERRY, *President,*  
*Berry Oil Company*

CLYDE H. BRAND, *Attorney-at-Law,*  
*Downey, Brand, Seymour and Rohwer*

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HARRY D. COLLIER, *Director,*  
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PAUL B. KELLY,  
*First Vice President*

JOHN J. REILLY, *President,*  
*Western Department Stores*

WILLARD O. WAYMAN,  
*Personal Investments*

CHARLES L. WHEELER, *Executive Vice President,*  
*Pope and Talbot, Inc.*

HERMAN WOBBER,  
*Twentieth Century-Fox Film Corporation*

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

BAKERSFIELD • BERKELEY • CHICO • FRESNO • HANFORD • HAYWARD • LEMOORE • MERCED • MODESTO • OAKLAND • PALO ALTO • RED BLUFF • REDDING • SACRAMENTO • SAN FRANCISCO • SAN JOSE

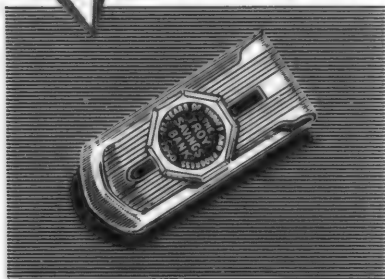
## GOING UP AND UP AND UP...

- In 1920 better than 20 million short tons of cargo entered and cleared the Port of Philadelphia.
- Last year this figure climbed to over 68 million, making this the nation's second largest port.
- These figures are of interest to every banker in the country, because now commerce clears here having a direct effect on business in every state in the Union.
- For representation when you need it, call on Central-Penn National Bank . . . close to the heart of the industrial growth picture in this area for over 120 years.

### CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**BASTIAN**  
Goodwill  
ambassadors  
invite business



"When you think of money, think of us!" That's what this handsome Bastian money clip says. Other useful advertising specialties which we have created for banks include key chains, letter openers, ash trays, lighters, pocket calendar cards, dealer financing signs. Our experienced staff of designers and artists is at your service to aid you in creating individualized gift items to invite business to your bank. Write for FREE SAMPLES.

**BASTIAN BROS. CO.**  
848 BASTIAN ST.  
ROCHESTER, N. Y.

(CONTINUED FROM PAGE 18)

vice-president, reports it was one of the bank's finest public relations efforts.

The Harris Trust and Savings Bank in Chicago developed and copyrighted a marital deduction calculator, which was distributed by its trust department among attorneys and accountants.

Another of the country's major banks using the medium is the Bank of America, which periodically provides a specialty for its automobile and equipment dealers. The most recent item was a personalized blotter and correspondence folder, plus an automatic pencil with the bank's Timeplan decalcomania.

Bankers Trust Company in New York received a highly favorable response from its bank correspondents when it distributed custom-made neckties with the well known Bankers Trust trademark incorporated in a distinctive way.

The Society for Savings in Cleveland increases its impact on its thousands of school savers by distributing balloons, coin books, and paste-up maps.

B. F. Louis, treasurer, Newton Savings Bank, Newton, Massachusetts, reports that institution's most successful item is the "nursery kit." The bank arranges for the new mother to receive in the hospital an attractively wrapped gift box containing a number of baby articles, including a bottle of baby oil,

rattle, powder, etc. "The accounts which have developed from this activity are stable and show a satisfactory balance," Mr. Louis reports. (See cut, page 18.)

Calendars with sketches of prominent Americans, including Eisenhower, Ford, Edison, James Whitcomb Riley, Babe Ruth, and Will Rogers, this year are hanging in every classroom in Des Moines through the efforts of the Central National Bank and Trust Company.

George Green, vice-president, Liberty National Bank and Trust Company, Oklahoma City, writes of an item which has a high utilitarian value. He has found that a pocket-size plastic container of plastic toothpicks has received better acceptance among men than anything his bank has used. (In this case, the customer is reminded of the bank at least three times a day.)

Specialties, premiums, novelties, gadgets, gimmicks—call them what you will—are a respected, legitimate, and recognized form of advertising. Many of our most successful corporations owe much to their use of this medium in their struggle to establish a market. Most of these companies are still using it to broaden that market.

Perhaps this is still another case where the banker is beginning to get in step with the times and is changing his advertising practices to conform with those already used successfully in other fields.



"I wanted to get this meeting started on time. Where in the Sam Hill is that new man in charge of microfilming?"

# Physical assets alone DO NOT MAKE A COMPANY Strong

It takes more than machines, plant and property to make a company financially strong. To the ability of company management and the loyalty of its employees must be added the acceptance of the company and its products in its markets.

Sound advertising builds acceptance and recognition of leadership . . . an important and valuable asset frequently hidden in a financial statement.

Any industrial company with a useful product or service can gain or retain recognition in its market by using Business Publication Advertising to establish leadership. The accompanying chart substantiates this fact.

*If you have a financial interest or responsibility in such a company, wouldn't you feel that your company was a better investment if it were among the first four companies listed on this recognition chart?*

The fact that your company has aggressive, alert management and has carried on a consistent Business Publication Advertising program over a number of years will not only make your present investment safer, but make the company's future more secure.

There is ample evidence that intelligently planned Business Magazine Advertising reduces sales costs. And dollars saved on sales costs are worth just as much as dollars saved on production costs.

In a McGraw-Hill recognition study 2,976 men who indicated they had buying influence were asked:

1) If you were buying packing and gaskets for your company today, what manufacturers would you consider?

Mentions were totalled and rank of companies are shown below as Manufacturer A, B, C, etc.

Then they were asked: 2) "Which would be your first choice?"

Again, mentions were totalled. The rank of each company is shown in the second column.

A comparison of the study with the amount of advertising done by these manufacturers shows that the leading companies are also the leading advertisers.

COMPANY RANK		FIRST CHOICE	
A		64.4%	50.9%
B	24.4		10.3
C	11.0		4.9
D	10.8		5.4
E	4.8		1.7
F	4.4		2.5
G	4.1		1.9
H	3.8		1.8
I	3.7		1.4
J	3.3		1.3
K	3.2		1.9

NOTE: 26 companies were mentioned but unlisted companies scored less than 3% on question #1 and less than 1% on question #2.



**McGRAW-HILL PUBLISHING COMPANY, INC.**

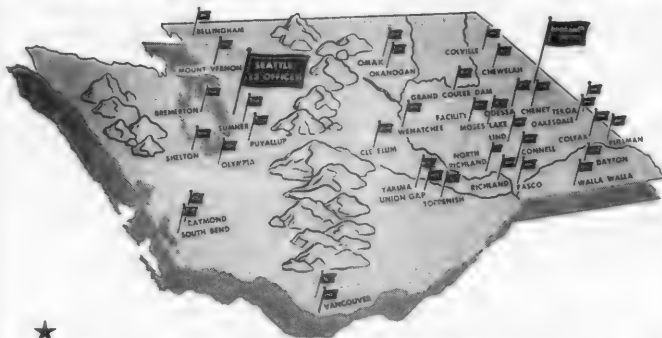


330 WEST 42nd STREET, NEW YORK 36, N. Y.



HEADQUARTERS FOR BUSINESS INFORMATION

## WASHINGTON'S STATE-WIDE BANK



### SEATTLE-FIRST NATIONAL BANK

#### STATEMENT OF CONDITION

At Close of Business December 31, 1951

#### RESOURCES

		Totals
Cash and Due from Banks	\$198,031,800.76	
United States Government		
Securities	194,434,584.90	
Obligations of Federal		
Agencies	9,325,813.81	
State and Municipal		
Securities	59,115,401.60	
Other Bonds and Securities	4,801,147.17	\$465,708,748.24
Loans and Discounts		253,920,456.91
Federal Reserve Bank Stock		720,000.00
Bank Buildings, Vaults, Furniture and		
Fixtures, etc.		7,078,147.96
Interest Earned Not Received		1,937,174.49
Customers Liability under Letters of Credit		
and Acceptances		3,653,176.54

**TOTAL . . . . . \$733,017,704.14**

#### LIABILITIES

Capital Stock	\$12,000,000.00	
Surplus	12,000,000.00	
Undivided Profits	10,071,807.62	
Reserves for Contingencies	5,685,622.83	\$39,757,430.45
Reserves for Interest, Taxes, etc.		2,266,492.77
Discount Collected Not Earned		2,001,151.74
Letters of Credit and Acceptances		3,653,176.54
Deposits		685,339,452.64

**TOTAL . . . . . \$733,017,704.14**

#### BOARD OF DIRECTORS

Lawrence M. Arnold Chairman	Albert R. Munger President	
J. H. Ballinger	L. C. Henry	W. G. Reed
Henry Broderick	Charles H. Ingram	Wilbur W. Scruby
Frank H. Brownell, Jr.	W. M. Jenkins	Alfred Shemanski
Charles F. Clise	Eric A. Johnston	Elbridge H. Stuart
Earl D. Doran	Richard E. Long	J. A. Swallow
Joel E. Ferris	Clarence D. Martin	George Van Waters
O. D. Fisher	Russell Miller	Kathryn Wilson
P. E. Harris	B. A. Perham	

**52** Offices serving the entire State of Washington

**SEATTLE-FIRST NATIONAL BANK**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## College-Business Exchange

AGAIN this year three banks are among the business organizations providing summer fellowships for professors under the College-Business Exchange Program of the Foundation for Economic Education, Inc. These banks are: Bank of America, The Chase National Bank, and the National City Bank of New York.

The program, in its four summers of operation, has reached nearly 200 teachers from more than 100 different colleges and universities. These teachers have studied the business methods and operations of 79 different business firms—including the three banks—in every section of the country.

Each firm works out the details of its training program, taking into account the special interests of the teachers, which have been found to include pricing, cost analysis, incentive systems, business research, finance, and industrial and public relations.

The six weeks' period of study—in a few cases it has been shortened to three or four weeks—usually falls in July and August, actual dates being determined by each firm and the teachers concerned. The firms pay each fellow his transportation costs, plus \$400 to cover living expenses for the six weeks' period.

The participating teachers obviously gain practical experience and a great deal of material for classroom and research use. On the other side of the picture, the dividends were expressed thus by the president of a large retail organization: "I like to have the professors come in and ask our executives what they do and, especially, *why* they do it. Some of our men have never had to answer such questions to an outsider. The experience can be very stimulating."

*If you drive carefully, all you need is a strong rear bumper.*

An apple a day not only keeps the doctor away, but it gives you a new *esprit de core*.



# More Postings...



UNDERWOOD SUNDSTRAND  
for posting DEPOSITORS  
CHECK ACCOUNTS

## ...with LESS FATIGUE



### Underwood Corporation

Accounting Machines . . . Adding Machines  
Typewriters . . . Carbon Paper  
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One Park Avenue New York 16, N. Y.

Underwood Limited, Toronto 1, Canada

Sales and Service Everywhere



Underwood Sundstrand's modern 10-key keyboard eliminates the fatigue and strain which results from swinging the head from side to side when posting.

With only 10 numeral keys—all grouped under the fingertips of one hand—the touch method of operation is a natural result.

*There is no need to look at the keyboard . . . no tiresome left to right headswing which results from constantly shifting the eyes from posting media to the keyboard.*

The operator's eyes are focused on the posting media for continuous, effortless posting. As a result, operators maintain a higher sustained volume of production over a longer period of time.

Get the whole story on the Underwood Sundstrand Posting Machine. Send for the new folder "The Modern Way" or call your local Underwood office for complete details.



This department is compiled by THEODORE FISCHER of BANKING'S staff.

DREW S. WOMMACK, JR., is now vice-president of The Citizens State Bank of Frost, Texas.

### Law, Wilkins Retire

THE First National Bank in Houston announced the voluntary retirement, as of January 1, of FRANCIS MARION LAW, chairman of the board, and JOHN ASA WILKINS, vice-chairman.

Mr. LAW has been in banking for 54 years. He has been active in the affairs of the American Bankers Association, of which he is a past president (1933). He is continuing as board chairman and will maintain an office at the bank, but will retire from active duty.

Mr. WILKINS also will remain as a director and will maintain an office at the bank. He was one of the organizers of the State Bank and Trust Company, later the State National Bank. When that bank merged with the First National Bank in Houston in May 1946, he became vice-chairman of the board.

BERNHARD C. GRANGAARD was made a vice-president of the Seattle-First National Bank, Seattle, Washington.

JOHN B. MITCHELL is now executive vice-president of Manufacturers Bank and Trust Company, St. Louis. He's a graduate of The Graduate School of Banking. GEORGE I. BAGGOT was elected vice-president. He was formerly a senior bank examiner of the Federal Reserve Bank of St. Louis.

Now a vice-president of Pacific National Bank in Seattle, Washington, is EDGAR F. OPDYCKE.

GEORGE B. GIESER, vice-president and cashier of First National Bank, O'Fallon, Illinois, recently celebrated 50 years in the banking business and was subject of a front-page article with large photo in the *O'Fallon Progress*.

THOMAS HIGH MOBLEY, formerly of the Federal Reserve Bank of Atlanta, has been named manager of the Credit Department of the Georgia Railroad Bank & Trust Co. Mr. MOBLEY had been with Federal Reserve for 26 years. He holds



T. H. Mobley



J. B. Mitchell

both standard and graduate certificates of the American Institute of Banking, is a C.P.A., and is a graduate (1950) of The Graduate School of Banking.

### Bank V.-P. Gets College Degree

AFTER serving for 25 years as a bank vice-president and director, ROBERT H. MYERS of Muncie, Indiana, has achieved a lifetime ambition—a master's degree from the University of Chicago. A retired colonel and veteran of three campaigns, he now has earned the college degree which he wasn't able to work for in his youth. The degree is in political science.

COL. MYERS had been on leave from the bank for military service. After serving six years in the intelligence and military government divisions of the U. S. Army, he became ill and was hospitalized for five months.

On his return to Indiana, his doctor advised tapering business activities. It was then that he decided to work for his college sheepskin. He resigned from the Merchants National Bank of Muncie but continued his work with the Merchants Trust Company.

COL. MYERS completed the work for the degree in a year and a half. The university offered him the opportunity for beginning work on a level at which his maturity, knowledge and experience qualified

(CONTINUED ON PAGE 27)

John Asa Wilkins



Francis Marion Law



# DIRECT SENDING

...MEANS **90%** OF CASH ITEMS  
COLLECTED WITHIN *One Day*



Mellon Bank's "Straight Line Transit Service" effects substantial savings in time over customary methods of collection. It cuts down "float", insures prompt advice of unpaid items, saves delay in settling accounts.

No sorting, no description, no special letters are required—thus reducing clerical expense for correspondents.

We present cash items and collections *within one day* to banks in more than 300 cities and towns throughout the tri-state area of Pennsylvania, Ohio and West Virginia.

If your bank is not already using this fast transit service, we invite your inquiry regarding its advantages to you and your depositors. Ask for our "Direct Sending" folder, which lists all of our one-day sending points.

## MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH 30, PENNSYLVANIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Continental Illinois National Bank and Trust Company of Chicago

## BOARD OF DIRECTORS

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*Vice President*

HERMAN WALDECK  
*Executive Vice President*

R. L. WILLIAMS  
*President, Chicago and North Western  
Railway System*

CHARLES D. WIMAN  
*President, Deere & Company*

## Statement of Condition, December 31, 1951

### RESOURCES

Cash and Due from Banks . . . . .	\$ 735,851,544.48
United States Government Obligations . . . . .	1,179,389,354.26
Other Bonds and Securities . . . . .	141,090,922.70
Loans and Discounts . . . . .	623,963,024.88
Stock in Federal Reserve Bank . . . . .	4,800,000.00
Customers' Liability on Acceptances . . . . .	1,976,631.84
Income Accrued but Not Collected . . . . .	7,268,773.50
Banking House . . . . .	9,000,000.00
	<u>\$2,703,340,251.66</u>

### LIABILITIES

Deposits . . . . .	\$2,480,279,725.13
Acceptances . . . . .	1,976,631.84
Reserve for Taxes, Interest, and Expenses . . . . .	10,881,467.13
Reserve for Contingencies . . . . .	18,105,553.83
Income Collected but Not Earned . . . . .	947,313.79
Capital Stock (1,800,000 shares. Par value \$33⅓) . . . . .	60,000,000.00
Surplus . . . . .	100,000,000.00
Undivided Profits . . . . .	31,149,559.94
	<u>\$2,703,340,251.66</u>

United States Government Obligations carried at \$225,148,759.34  
are pledged to secure public and trust deposits and for other  
purposes as required or permitted by law  
*Member Federal Deposit Insurance Corporation*

## WHEN YOU BUY OR SELL U. S. GOVERNMENT OR MUNICIPAL SECURITIES—

We invite you to use the complete facilities of the Continental Illinois Bank. Our facilities include a substantial trading position in these securities and private wires to the principal banking centers.

You will be served by specialists with long experience in the securities field.



## MAIN STREET (Cont'd)

him. General education tests demonstrated that he had a command of the liberal arts which is a prerequisite to advanced study. While on the campus, he lived at the Alpha Delta Phi fraternity house, of which both he and his son are members. His son, Robert Harry Myers, assistant professor of marketing at Miami University, was in the audience to see him receive his degree.

As of the first of this year, Col. MYERS resigned from the Merchants Trust Company to become associated with the advertising agency of Bob Robinson, Inc., Advertising, in Muncie.

He is well known in banking circles, having served on the Executive Council of the American Bankers Association, and in 1938-39 he was president of the Indiana Bankers Association.

New vice-presidents of National City Bank of New York are: ROWLAND R. HUGHES, PAUL W. KIMZEY, BURTON J. LEE, MATTHEW J. KELSH, ALEXANDER D. CALHOUN, and LEONARD N. JOHNSON. BURNES KYDD has been named comptroller.

Finance chairman of the Republican Eisenhower-for-President movement is HOWARD C. PETERSEN, president of the Fidelity-Philadelphia Trust Company. He is a former Assistant Secretary of War.

JOHN C. CLARK, assistant manager of the bond department of Chase National Bank, New York City, on January 1 joined the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, as manager of the bank's newly expanded bond department.

At the Bank of New York and Fifth Avenue Bank, KELLAM HOOPER has been appointed vice-president, and G. L. SHELDON has been made comptroller.

Kellam Hooper



G. L. Sheldon



John Heinrich



Arthur C. Fox



George Nodyne



Baldwin Maull



G. A. Becigneul



Carolyn Allen

### Bookkeeper to President

At the East River Savings Bank, New York City, President JOSEPH A. BRODERICK has been made chairman of the board. GEORGE O. NODYNE succeeds him as president and chief executive officer.

Mr. Broderick is a one-time member of the Board of Governors of the Federal Reserve System.

Mr. Nodyne started with the bank as a bookkeeper. He is a graduate of The Graduate School of Banking and served as a member of its faculty from 1947 to 1951. He was president of New York Chapter, American Institute of Banking in 1948, and currently is a member of the board of governors of the Chapter. Mr. Nodyne, 10th president of the bank, is the first member of the staff to achieve that position in the bank's 104 year history.

GILBERT T. STEPHENSON has been appointed a lecturer at the Wake Forest (North Carolina) Law School, effective with the opening of the spring semester on January 30. His topic will be *Estate Planning*. He taught the trust business course at The Graduate School of Banking from 1935 to 1950, and was formerly vice-president in charge of the trust department of the Equitable Trust Company, Wilmington, Delaware.

JOHN HEINRICH, manager of the Bay Ridge office of The Lincoln Savings Bank of Brooklyn, and ARTHUR C. FOX, manager of the bank's Brighton Beach office, have been appointed vice-presidents.

BALDWIN MAULL has been elected executive vice-president and a director of Marine Midland Corporation, Buffalo, New York. Mr. MAULL has been active in the New York State Bankers Association and the American Bankers Association and since 1934 has been vice-president of Marine Midland Trust Company, New York City.

GASTON A. BECIGNEUL has been made a vice-president of City Bank, Detroit.

CAROLYN L. ALLEN is now assistant secretary of The Manhattan Savings Bank, New York. Mrs. ALLEN recently completed 25 years with the bank.

WILLIAM E. KOUTENSKY has been elected president of the Long Island National Bank of Hicksville, New York, succeeding the late WILLIAM DUFFY. Mr. KOUTENSKY came to the bank as a teller 31 years ago.

Among promotions at the American Security and Trust Company, Washington, D. C., are these: EARL G. JONSCHER, vice-president and trust officer; FRANK M. PERLEY, vice-president and trust investment officer.

First National Bank of Portland, Oregon, has named R. J. SCEARCE a vice-president.

DAVID T. PYNE, vice-president and trust officer of the First Bank & Trust Company of Utica, New York, is chairman of the 25-member Good Government Commission which has recommended a complete streamlining of the Oneida County government. The 99-page report of the Commission's two-year study was prepared under Mr. PYNE'S guidance.

Some 2,000 economists were recently caught in the web of inflation they predicted. The registration fee at the annual meeting of the Amer-

# ATLANTA MONEY CROSSROADS of the SOUTHEAST

Atlanta, the headquarters of the 6th Federal Reserve District, is one of the 12 key cities in America for the transfer of money and credit.

Being at the "money crossroads of the Southeast" The Fulton National Bank offers direct clearing facilities with over 1100 banks in eight Southeastern States.

Call on "The Friendly Fulton" to help serve your accounts with branches in the Southeast. You'll find our correspondent service fast, accurate and dependable.

9 Offices in Atlanta and Decatur



"Look at those distinctive colors on the STANDARD Currency straps."

A Complete Line of Money Wrappers  
**STANDARD PAPER GOODS**  
MANUFACTURING COMPANY  
WORCESTER 8, MASS.

## MAIN STREET (Cont'd)

ican Economic Association had always been \$1—but this year it was \$2. Among the topics receiving top billing on the program was *Inflation*.

BEN H. WOOTEN, president of the First National Bank in Dallas, Texas, has been elected president of the Dallas Chamber of Commerce.

EPHRON CATLIN, JR., and CARL W. TREMPH have been elected vice-presidents of the First National Bank of Boston.

DONALD L. BALLANTYNE and JAMES A. JACOBSON are new vice-presidents of Chase National Bank, New York. Both are members of the foreign department staff.

### "Excellent" Managers

NINE banks have been awarded Certificates of Management Excellence for the year 1951 by the American Institute of Management, New York, a nonprofit foundation devoted to the study and improvement of corporate organization and management.

Cited for the first time by A.I.M. are: First National Bank of Boston; First National Bank in Houston; National City Bank of New York; The Pennsylvania Company for Banking & Trusts, Philadelphia; the Seattle-First National Bank; and the Security-First National Bank of Los Angeles. Designated as "excellently managed" for the second time since the annual award was initiated two years ago: Continental Illinois National Bank & Trust Co., Chicago; Mellon National Bank & Trust Co., Pittsburgh; and National City Bank of Cleveland.

COLIN W. MCRAE has been elected resident vice-president of the New York office of the National Shawmut Bank of Boston.

JOHN L. SIMPSON resigned on January 1 as executive vice-president of J. Henry Schroder Banking Corporation and Schroder Trust Company, New York, to become chairman of the finance committee of Bechtel Corporation. He continues as a director of the two banks. HAROLD A. SUTPHEN succeeds him as executive vice-president. V. LADA-MOCARSKI and ERNEST H. MEILI were elected to the new office of senior vice-president.



J. F. Johnston



W. W. Pevear

WILLIAM W. PEVEAR is now vice-president of Irving Trust Company, New York.

JAMES F. JOHNSTON, a member of the staff of the Federal Reserve Bank of New York for the past 22 years, on January 2 joined Peoples Trust Company of Bergen County, Hackensack, New Jersey, as vice-president in charge of the commercial banking department.

At Mercantile National Bank at Dallas, Texas, ALBERT C. ARMSTRONG has been elected vice-president. He is a former chairman of the board of Northwestern Bank of Commerce, Duluth, Minnesota, and a former director of First American State Bank of Wausan, Wisconsin. He is a former president of the Duluth Morris Plan Bank and has been active in the development of consumer banking legislation.

Two advertisements of the FIRST NATIONAL BANK OF NEVADA, which appeared in the *Wall Street Journal*, have won a Certificate of Award from the Affiliated Advertising Agency Network. The Thomas C. Wilson Advertising Agency of Reno prepared the copy.

HORACE OGLETREE has been named manager of the new West End office of the Fulton National Bank of Atlanta, Georgia. LAMAR SHEATS is assistant manager.

THOMAS C. BOUSHALL, president of The Bank of Virginia, Richmond, has been reappointed for a three-year term as a member of the Governor's Advisory Council on the Virginia Economy.

F. STAFFORD CLEARY, CHARLES E. RANCE, and MARINUS J. TOPP have been elected vice-presidents of Chemical Bank & Trust Company, New York City. Mr. CLEARY is in charge of the bank's office at Fifth Avenue and 29th Street. Mr. RANCE is in

charge of the Latin American division of the foreign department. Mr. TOPP is a senior loan officer.

RANDOLPH BETTS is now manager of the Watertown branch of The Colonial Trust Company, Waterbury, Connecticut. JOHN H. PAYNE, JR., who has served as manager of the branch since last June, will continue as a member of its advisory committee. He is the vice-president in charge of the bank's branches.

New officers of the Bankers Club of Brooklyn, New York, are: president, CARL J. MEHLDAU, vice-president, Kings County Trust Company; vice-president, JOHN HEINRICH, assistant vice-president, Lincoln Savings Bank; secretary, ALFRED M. OLSEN, cashier, Lafayette National Bank of Brooklyn; treasurer, ROGER A. SAXTON, assistant vice-president, East New York Savings Bank.

JOHN O. CHAPPEL, JR., has advanced to vice-president at Central Trust Company, Cincinnati.

Year-end promotions at Girard Trust Corn Exchange Bank, Philadelphia, advanced these five men to vice-presidencies: JOHN P. ADAMS, G. WILBUR HORNSBY, ROBERT E. MACDOUGALL, T. WESLEY MATTHEWS, and ROBERT H. WILSON.

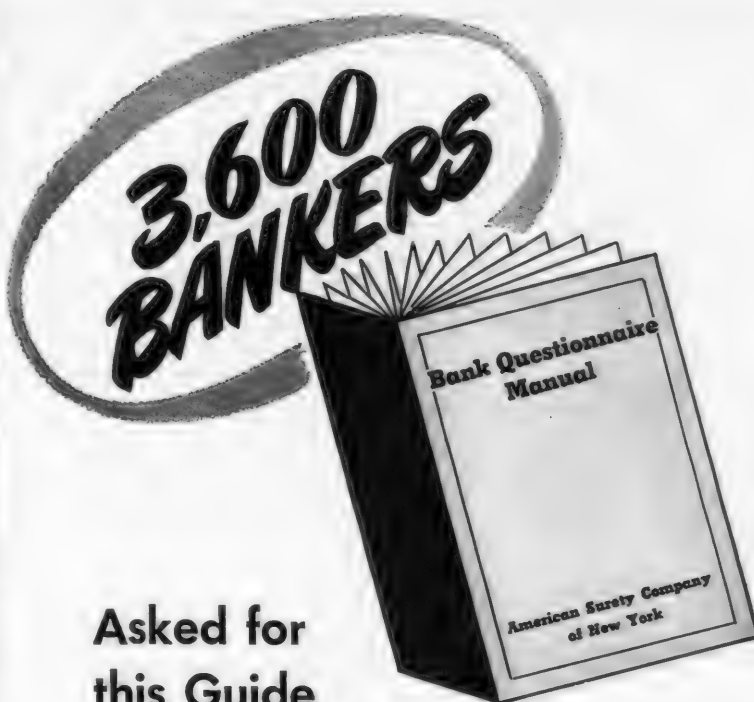
JOHN A. OSTRICH has advanced to vice-president and cashier at Phoenix State Bank and Trust Co., Hartford, Connecticut.

GERALD W. L. ANDREW, PHILIP H. MILNER, and THOMAS E. SPEER are now vice-presidents of Manufacturers Trust Company, New York.

BRUCE L. JOHNSTON has joined the Commerce Trust Company, Kansas City, Missouri, as manager of the foreign department. He started his business career with Commerce Trust at the age of 16. He served with the Army in World War II, and has since been associated with foreign trade work, lastly with the Belgian Trade Council.

Four new vice-presidents of Marine Midland Trust Company, New York City, are: J. G. BALDWIN, ARTHUR J. SMYTH, J. F. MORRIS, STANLEY W. HUBBEL.

LESTER E. LAMB, CHARLES F. MAPES, and EVANS G. MORGAN have



## Asked for this Guide On Internal Controls...

within two recent weeks! Widespread concern over the increasing frequency and size of defaults has stimulated interest in improving loss prevention methods.

Our "Bank Questionnaire Manual" suggests many specific safeguards... can help you to make certain that *your* loss prevention program meets *your* bank's particular needs.

Based on *facts* uncovered during 67 years of investigating bank losses throughout the country—our 53-page manual can be a vital help to *any* bank!

If you don't have a copy of "Bank Questionnaire Manual"—just fill in the coupon below. Mail it today—there's no charge—no obligation!

—Fill in, clip and Mail Coupon, Today—

### AMERICAN SURETY COMPANY

(Agency and Production Department)

100 Broadway, New York 5, N. Y.

Gentlemen: Without cost or obligation please send me a copy of your "Bank Questionnaire Manual".

Name..... Title.....

Name of Bank.....

Street..... City..... Zone..... State.....

(C)



## FACTS ABOUT AUSTRALIA

OVER  
**8,000,000**  
POPULATION

During the last four years, Australia's population has increased by 6½% with a consequent expansion of primary and secondary industries. For those who wish to invest in a young and growing country the Bank of New South Wales can give helpful advice. We invite you to make our specialist services available to your customers.

## BANK OF NEW SOUTH WALES

*British & Foreign Department, Sydney, Australia.*

FIRST AND LARGEST COMMERCIAL BANK IN THE SOUTH-WEST PACIFIC



## CONDENSED STATEMENT OF CONDITION

At the Close of Business, December 31, 1951

### ASSETS

Cash on Hand and with the Federal Reserve Bank	\$ 79,530,566.33	
Due From Other Banks	8,887,167.37	
United States Government Securities	187,042,176.45	\$275,459,910.15
Other Bonds, Debentures and Securities		1,197,197.67
Stock in Federal Reserve Bank		360,000.00
Loans and Discounts		43,776,858.77
Bank Premises, Furniture and Fixtures		4.00
Customers' Liability on Letters of Credit and Acceptances		302,583.72
Customers' Liability Under Loan Commitment Agreements		1,197,750.00
Accrued Interest Receivable on Loans and Securities		790,019.49
<b>TOTAL</b>		<b>\$323,084,323.80</b>

### LIABILITIES

Deposits	\$304,534,702.48	
Letters of Credit and Acceptances	387,240.33	
Loan Commitment Agreements	1,197,750.00	
Interest Collected but Unearned	62,127.01	
Reserved for Dividends, Interest, Taxes and Insurance	1,302,503.98	
Capital Paid In	\$6,000,000.00	
Surplus	6,000,000.00	
Undivided Profits	3,600,000.00	15,600,000.00
<b>TOTAL</b>		<b>\$323,084,323.80</b>

The Oldest Bank in Southern California, Whose Growth Has Never Been Augmented by Mergers or Consolidation

4TH AT MAIN, LOS ANGELES 54 • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## MAIN STREET (Cont'd)

been elected vice-presidents of The Hanover Bank, New York City.

Three officers have retired from Harris Trust and Savings Bank, Chicago: MAX C. GREIGG, vice-president; HAROLD ECKHART, vice-president in charge of the trust division; and ROSWELL B. SWAZEY, assistant vice-president. Vice-president LYNN LLOYD succeeds Mr. ECKHART as head of the trust department.

New vice-presidents of The Bank of Virginia, Richmond, are PAUL H. BRAME of Richmond and JAMES W. BUFFINGTON of Norfolk.

Fidelity Union Trust Company, Newark, New Jersey, has advanced to vice-president WILLIAM C. BOWKER and ALFRED J. SPEAK.

T. ROBERT FARAGHER, vice-president of The Bank of California, N. A., has been promoted to manager of the bank's Tacoma office.

EDMUND G. FARRELL and ARTHUR W. SCHLICHTING have been elected vice-presidents of Bankers Trust Company, New York.

SIDNEY A. SWENSRUD, president of the Gulf Oil Corporation, Pittsburgh, has been appointed chairman of the board of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland. Dr. ERNEST H. HAHNE, president of Miami University, Oxford, Ohio, was reappointed chairman of the board of the bank's Cincinnati Branch for the coming year.

New vice-presidents of the Bank of Georgia, Atlanta, are JAMES H. DICKSON, JR., and ROY COLLIER, JR. Both are graduates of the University of Georgia, and Mr. DICKSON is a member of the class of 1952 of The Graduate School of Banking.

Two new vice-presidents of Dry Dock Savings Bank, New York, are DOUGLAS C. WELTON and JAMES B. STOVELL.

The 17-story MERCHANTS NATIONAL BANK, Indianapolis, is modernizing its elevators at an estimated cost of \$200,000. The elevators will speed up to 600 feet per minute.

(CONTINUED ON PAGE 158)



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# More Power ...for the Hand that feeds Us!

More power at his finger tips means more food for us. And an ample food supply is indispensable. Not only does it keep us strong and healthy, but it's a basic instrument in our foreign policy and a vital commodity in our military operations.

To American agriculture an abundance of power is absolutely essential. So, it's to farm machinery makers that the farmer turns for help in producing more fruitful harvests... more pounds of meat and milk.

Increasing the farmer's work capacity is a specialty of The Oliver Corporation, founder of the tractor industry. It has been accomplished in one way with a truly modern tractor, unmatched in versatility. The Direct Drive Power Take-Off, for instance, is one of the greatest time-saving, power-saving tractor mechanisms ever developed. It vastly improves the efficiency of power driven machines... often eliminates the need for an auxiliary power unit.

It's power that makes the United States the best fed nation on earth. It's power that makes the American farmer the world's most prosperous. And, it's the advanced design of Oliver power that builds a rich, enduring business for Oliver dealers. The OLIVER Corporation, 400 West Madison Street, Chicago 6, Illinois.

## OLIVER



"FINEST IN FARM MACHINERY"

# *Timely CCH Tax Helps*

*CCH*

## **Standard Federal Tax Reports**

- Old law, new law, the accepted reporter on federal taxes for revenue—"for the man who must have everything." Swift weekly issues report and explain unfolding federal tax developments. Current subscription plan includes 7 loose leaf Compilation Volumes and companion Internal Revenue Code Volume.

*CCH*

## **Federal Tax Guide Reports**

- Concise, compact, understandable, here is the dependable reporter on the federal taxes of the ordinary corporation, the average individual, partnership, or business. One loose leaf Compilation Volume and matching Internal Revenue Code Volume included without extra charge to start new subscribers off on the right foot.

*CCH*

## **1952 CCH Federal Tax Course**

- Authentic tax training, brush-up, and reference course in one handy volume. Explains federal taxation, with emphasis on income tax and withholding collection methods. Revenue Act of 1951 reflected throughout the text, with new rates and provisions in problems and solutions, examples, and the like.

*CCH*

## **U. S. Master Tax Guide—1952**

- Handy dependable guide on federal taxation. Based on the Internal Revenue Code as amended, and controlling court and Tax Court decisions. Plain-English explanations. Withholding tables helpfully included. Thoroughly indexed; 416 pages, durably bound, 6" x 9", \$3 a copy.

*Write for Complete Details*

**COMMERCE CLEARING HOUSE, INC.**  
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# The OUTLOOK

## and CONDITION OF BUSINESS

### *A Nationwide Report on Interest Rates and Loan Prospects*

ONE of the clearest views of the business outlook, from where we are, can be obtained by directing the gaze carefully at interest rates.

The kinship between money rates and the trend of commerce and industry is always much in evidence but today is unusually close because everything is so firmly hitched to the one and the same chariot—world politics. So in lining up a good symposium of the opinions of bankers on the interest rate prospect there emerges, sharp and clear, a picture of business prospects generally, arresting in its unanimity.

Not only here but in England, Canada, and other countries responsive to world influences, interest rates on loans, except perhaps instalment loans, have firmed in recent months. Rates paid on time deposits do not follow this trend to any great extent for reasons stated in several of the comments appearing below.

The consensus in the banking field is that firm rates and a good demand for loans will continue the first part of this year, at least, because of defense needs, a lack of working capital and the accelerated tax payment program, and barring the unlikely chance of World War 2½ coming to an end. In other words, rates would ease as war fears ease, all of which provides an indirect but clear answer to what bankers and business think of the national and world outlook.

Space permits only a few reports on specific areas but these have been selected as typical and contributing to a good view of the national pattern.

#### *Northeast and Middle Atlantic States*

**NEW YORK CITY.** Demands for borrowed money since the middle of 1950, have shown almost a continuous rise.

Many banks are getting to the point where they are pretty well loaned up, from the standpoint of conservative ratios to invested capital and deposits. This demand, in addition to higher costs of operation of financial institutions, as well as higher taxes, has caused a firming in interest rates on commercial loans of about 33-1/3 to 50% during the past eighteen months. Last December 19 the banks raised their commercial loan rate to prime borrowers from 2-¾% to 3%. This was followed by similar action in other centers.

The upward trend has not been true of consumer loans, but in due course there will be an increase in rates for that type of borrowing. Some borrowers have been able to manage their loans on a revolving basis, that is, borrowing and paying off seasonally, or for other reasons. In many cases, however, business concerns and public utilities have found it necessary to increase and pyramid their borrowing.

With respect to prospects for the first half of 1952, total loans will probably increase for business and defense purposes. It is possible that there will be a tapering off by mid-year. There has been a slight increase in interest rate paid on time deposits in recent months. Commercial banks accepting time deposits are trying to resist paying higher rates on such deposits, but may be forced into further slight increases in the near future.

**LEWISTON, MAINE.** Interest rates are up from the low of several months ago. Mortgage rates are now 5%, commercial loans 5 and 6%, collateral loans 5%. Interest rates paid on savings in one bank at least have gone from 1½ to 2%. Savings banks are paying 2½%, but do not carry FDIC insurance.

Banks are in direct competition with the Federal Savings and Loan Association which is paying 3% on savings and taking a lot of loans banks turn down owing to the Government regulations.

In this area some bankers feel interest will be firm for the next six months at least. Many business concerns are

(CONTINUED ON PAGE 167)

# QUESTION: Has Foreign Aid Become

## *Toward an Economically Sound Program*

BURNET R. MAYBANK

Senator from South Carolina and Chairman  
of the Senate Committee on Banking  
and Currency

CONGRESS has no intention to make the current assistance to friendly nations a permanent feature of the national budget. Our foreign assistance program has been designed to make the free nations of Europe self-sustaining, both in their economies and their defense. That we are achieving our goal is clear from the striking increases in productivity of the various economies throughout Europe and the more recent signs of budding military power as a result of the Marshall Plan. Turkey and Greece demonstrated how our aid stopped Soviet expansion.

Look behind the ledger sheets of the tough business of international finance. On one side is a huge Soviet army and the armies of Russia's satellites poised at strategic points along the borders of free Europe ready to pounce at any sign of weakness and take unto itself valuable manpower, materials, and industries. On the other side of the ledger is the great reservoir of Western European manpower—some 200,000,000 people whose skills, together with their industrial plants and resources, will enable the free world to outproduce the Soviet bloc three to one.

The mutual aid program was agreed to by Congress only because it was convinced that it is the most economical, practical, and efficient means to achieve the security we seek for ourselves and our allies.

Congress was convinced that funds that it made available to Europe will bring a larger and faster

return for our common good than the same amount spent on our own armed forces. One striking illustration cited is how an investment of \$312,000 in American money can produce \$8,000,000 worth of tank destroyers.

Actually, it is not accurate to speak of our assistance as foreign aid; it is mutual aid, an exchange of aid in a way. European nations, for instance, are supplying land for bases, logistic and other facilities, and 85 percent of the manpower. In 1952 they will have 2,500,000 men in active service; and within 90 days after mobilization they will be able to muster 5,000,000 men. They are already providing the pay and equipment, the administrative and house-keeping supplies, and a major part of the arms.

Senator Maybank



Although still recovering from the devastation of a total war, they are sizably boosting their defense budgets. Without our financial assistance rapid rearmament would wreck their economies and lay them open to seizure by Communist forces from within as well as from the outside.

Free world security is not an individual matter. Only by strengthening all our partners can we attain our goal. It is not enough to have a strong America; we need a coordinated and effective European team to work with if we are to succeed. The job must be done while there is yet time. Action now may prevent a war which, aside from its other devastation, would skyrocket our expenditures and place upon our shoulders a burden almost beyond calculation.

No one can accurately forecast how long security expenditures will continue. That depends in large part on the forces behind the Iron Curtain. By 1954, certainly, when the free world forces reach full strength, costs will decline considerably.

It is my belief and hope that our mutual assistance type of program will be increasingly replaced by the extension of credit on a private enterprise basis along the line of the Export-Import Bank operation. Congress last year followed the Banking Committees' recommendations and increased the bank's authorization by another billion dollars. This points the way toward an economically sound program of international assistance.



# a Permanent Feature of the Budget?

## *We Should Get Something in Return*

STYLES BRIDGES

United States Senator from New Hampshire  
and Republican floor leader in the Senate

**I**n analyzing this question we may as well concede that the membership of the United States in the United Nations is, in itself, a form of foreign aid, since we contribute much more than our proportionate share. From the fiscal standpoint, it can be said with good reason that we finance the United Nations.

In the so-called police action against "aggression" in Korea we are not only paying the bills; we also furnish about 92 percent of the non-Korean blood which is spilled there.

From my standpoint, this is a fundamental weakness in the United Nations and it must be corrected if the organization is to survive. Nations, like human beings, more highly prize a principle if they helped conceive it; a material thing if they helped create it. I do not expect our country to achieve leadership in the world, nor peace, nor security if we continue to pursue the policy of buying our prestige, bribing our enemies, and trying to purchase our friends.

I have supported the idea of foreign aid and I shall continue to support it, *but*—and it is a big *but*—I believe we should drive some hard and fast bargains in return for our aid.

It galls my Yankee background to see America, however splendid its motives, throwing its national substance to the four winds while neither expecting nor getting anything in return.

No nation can honestly or ob-

jectively accuse the United States of ulterior motives in its quest for peace and security in the world. We never exploited colonial peoples—we have only guided them to their independence. We seek neither territory nor raw materials by conquest. We stand ready to pay, and pay well, for anything we want in this world.

There are a good many things we want.

We must remember that we have roughly but 6 percent of the world's population, 7 percent of the world's area, and 8 percent of the world's natural resources. Thus, it is evident that we cannot long continue our present foreign aid program, which has averaged about \$8-billion a year since 1945, unless we propose to bankrupt ourselves.

Senator Bridges



or does the average citizen of the recipient nations expect us to do? I recall a London taxi driver who told me that he thought American aid was a wonderful thing, but he added, "Guv'nor, how long do you think the workin' bloke in America will spend his money to support us?"

I believe it would be perfectly proper and would contribute to increasing the self-respect of other nations, if the United States insisted on receiving raw materials in return for its aid. Our iron ore is becoming exhausted, copper is extremely scarce, manganese is increasingly essential to steel production. Our oil reserves are not unlimited. Our timber and pulp supplies could be supplemented.

I believe it would be perfectly proper to insist on economic reforms in the nations which we assist. An approach was made to exacting such concessions under the ECA law, but the high sounding language has never been enforced with anything approaching zeal.

I believe it is perfectly proper to bargain for political concessions in return for aid. Nearly all nations have subscribed to the ideal of the Atlantic Charter, but most nations have been cynical in their betrayal of these ideals.

During my 15 years in the United States Senate I have constantly urged a positive, intelligent, realistic foreign policy based on the enlightened self-interest of the United States, the most advanced Christian nation in the world.

I feel that some form of foreign aid would be inherent in such a policy if it is ever adopted or effectuated. We cannot continue aid on the scale of the last six years, but we must expect to make use of such assistance as an instrument of a policy designed to bring peace and security to this world.



As the President delivered his State of the Union Message, Prime Minister Churchill sat in the balcony, third to the left of the aisle which is at the extreme right in the picture above

## Loan Trend Study; F and G Bonds

LAWRENCE STAFFORD

**M**ONETARY and fiscal officials are keenly interested in observing the effect of the operation of the "Mills plan" to accelerate corporation income tax payments. They are interested in the effect of this plan not only upon prospective Treasury revenues and the income position of corporations, but its influence also in stimulating bank borrowing to pay taxes.

The "Mills plan" bears the name of Rep. Wilbur D. Mills (D., Ark.), a member of the Ways and Means (the taxing) Committee. In its original form it was designed to get corporation tax payments on what was loosely called a "current basis," somewhat comparable to the payments of individual income taxes, in one year.

As finally enacted, and now law, by calendar 1955 all corporations are scheduled to pay their 1954 in-

come taxes in two equal instalments in March and June, through a "stepping-up" process from 1951 to 1955.

### Gradual Process

**T**HE step-up was to be gradual. In 1951, corporations had to pay their 1950 tax liabilities in the following instalments: 30 percent each in March and June, 20 percent each in September and December.

During calendar year 1952 their 1951 liabilities must be transmitted to the Treasury in instalments of 35 percent each in March and June, and 15 percent each in September and December.

The corresponding percentages for 1953 are 40-40 and 10-10. In 1954 they will be, correspondingly, 45-45 and 5-5. Then, as stated, the step-up will be complete by calendar 1955, when 1954 corporation income tax

liabilities will be all due in two equal instalments each in March and June.

For fiscal year corporations, there will be corresponding adjustments.

What centers attention upon the present calendar year is the fact that Congress, in three successive tax adjustments, has boosted the corporation income tax rate to 52 percent for all but the smaller companies, while additionally raising the excess profits tax to where a combined EPT and surtax liability up to 70 percent is possible for those corporations whose earnings subject them to this maximum.

This suggests to officials that a good many corporations will be approaching banks this March and quite possibly in June, as well, for loans to help tide them over the 35 percent tax payments at the higher rates.

## Federal Reserve Is Checking

POSSIBLE effect of the Mills plan upon bank borrowing is specifically being checked by the Federal Reserve Board. The Board has asked Federal Reserve bank officers to check with key bankers throughout the country as to the prospective loan trend for the first six months of calendar 1952. It was not known at the time of writing whether the Fed will make public the consensus of banks about loan trends.

The Reserve System is hunting for any other unusual factors which might affect loan trends. For instance, it wants to know whether the rise in short-term interest rates has any tendency to discourage long-term refunding and thus contribute to bank provision of a larger volume of short-term credit.

Likewise the Federal Reserve Board wants as much of an advance judgment as possible concerning normal seasonal trends and prospective defense and defense-supporting demand for bank credit.

Normally loans begin to taper off after November. During the three weeks ending December 19, 1951,

loans increased, contrary to the seasonal trend, by \$577,000,000. In the corresponding three weeks of 1950—not a “normal year” because of the influence of the Korean war—they rose by \$742,000,000.

Because of the contra-seasonal rise in December of last year, the Board decided to take a look at what is happening and what bankers think is going to happen. While commodity loans continued to increase in that short period, loans to wholesale and retail establishments did not. Is any of the borrowing due to “locked up” inventory? That is another question banks are being asked.

### Fits Broader Purpose

THIS spot check of nationwide banker opinion as to the loan trend, however, fits a larger purpose. That purpose is to protect the independent, competitive, private banking system and to preserve it as much as possible from unnecessary Government regulation.

Development of this attitude has been most pronounced since William McChesney Martin became chairman of the Board of Governors of the Federal Reserve System. Gov. Mar-

tin has now served three quarters of a year in that capacity.

This loan survey will have a significant bearing if the Administration follows through with its repeated recommendation for the enactment of “standby” legislation authorizing the Board to raise member bank reserve requirements.

Whether or not there develops an occasion to disclose the consensus of banker opinion about the loan trend, the survey will be useful for discouraging proposals to boost reserve requirements.

Incidentally, while the Administration for the last few years has almost continuously been on record with demands for legislation on higher reserve requirements, Chairman Martin has never gone to the Capitol to advocate such legislation before any congressional committee. He was made chairman of the Board a few weeks before the President's Committee on Credit Policy last spring advocated higher reserve requirements and indicated it favored the loan expansion plan for raising such reserves.

It is the expectation of most observers in Washington that, regardless of Administration endorsement,

(CONTINUED ON PAGE 144)

## Revisions in Operating Circular No. 20

MEMBER banks of the Federal Reserve System have been notified of certain changes in Operating Circular No. 20, revised as of January 10, 1952.

One change is the incorporation of new matter contained in paragraphs 25 and 26, regarding the procedure to be followed in reporting, and remitting the proceeds of sales of Savings Bonds of Series E. The other change is the revision of paragraph 37 to make it conform to the new postal law and regulations, effective January 1, 1952, which have the effect of changing the former limits on size and weight of parcels mailed to Federal Reserve banks from first-class post offices.

The paragraphs in question are printed below:

25. All banking institutions should deposit the proceeds of sales of bonds in a deposit account to be known as “Series E, Bond Account.” The balance in this account should be remitted at least once a week, unless a more fre-

quent remittance is desirable in order to replenish stock. However, any incorporated bank or trust company, qualified as a special depository under the provisions of Treasury Department Circular No. 92, may make payment of the proceeds of bonds sold by credit to its Treasury Tax and Loan Account. A certificate of advice of each credit to the Treasury Tax and Loan Account should be executed on Form G.B. 345 and sent to this Bank together with the report of sales (Form G.B. 1787), as described in paragraph 24.

26. Qualified issuing agents, other than banking institutions, which do not pay in advance for bond stock should deposit the proceeds of sales of bonds in a separate bank account and should keep the proceeds segregated from any of their other funds. These agents should report, and remit the entire proceeds of, sales of bonds at least once a week.

\* \* \*

37. Reimbursement will be made for postage and registry fees expended by issuing agents in returning to us the stubs of bonds sold, spoiled bonds, unissued or excess stock, and shipping

bags, provided no other matter is included in the same package or envelope and the following instructions are complied with:

(a) Packages weighing 8 ounces or less should be sent as registered mail, and postage should be paid thereon at the first-class rate in addition to the registry fee.

(b) Packages weighing in excess of 8 ounces but not more than the weights specified in parts (c) and (d) of this paragraph should be sent as insured mail to be treated as registered mail, and postage should be paid thereon at the fourth-class (parcel post) rate in addition to the insurance fee on each shipping unit. Each package should bear a notation placed on it by the sender by rubber stamp impression, printed slip, or otherwise, reading as follows:

“This article is put up and mailed by authority of the Post Office Department upon prepayment of postage at the fourth-class (parcel post) rate and insurance fee. It must be recorded and handled as a registered article by postal employees. RAMSEY S. BLACK, Third Assistant Postmaster General.”

(c) Packages in excess of 8 ounces, mailed at a first-class post office, addressed to this Bank, shall be limited in size to 72 inches in length and girth combined, and shall weigh not more than

10 pounds when this Bank is in the first or second zone from the point of shipment, nor more than

20 pounds when this Bank is beyond the second zone from the point of shipment.

(d) Packages in excess of 8 ounces, mailed at a post office other than one of the first class, or on any rural or star route, addressed to this Bank, shall be limited in size to 100 inches in length and girth combined, and shall weigh not more than 70 pounds.

## Our Appointment with Destiny

# The UNITED STATES and the UNUNITED WORLD

WILLIAM A. IRWIN

DR. IRWIN is economist of the American Bankers Association and a widely known speaker on economics and world affairs. Next month he will enumerate some of the dangers against which we must be on guard.

WITHIN the past few weeks, events have taken such a turn that there is no exaggeration in the statement that America has an appointment with destiny. That destiny affects not America alone, but the whole free world and that part of the world which seems to have thrown freedom to the winds.

Ever since the end of the Second World War, attempts have been made to find some measure of agreement under which this and like-minded countries might work in comparative harmony with the totalitarians toward the rebuilding of the shattered economies of Europe and of Asia. All of these attempts seem at this moment to have failed. The totalitarians apparently want the rebuilding to be done only in *their* way. They are presently bleeding one of their satellites to achieve that end. Failing that, they seem to be willing to wait for the eventual universal economic collapse which they regard as being inevitable. They think they can *then* step in, proclaim to all the world the collapse of "capitalistic democracy," take over, and reshape the world on their lines. They are convinced that time and circumstances are on their side, and that the outcome is as certain as tomorrow.

OPPOSED to the totalitarians stand the freedom-loving peoples of whom circumstances have made America the leader. Britain used to be that—she no longer has the economic power needed for the job. World War II took care of that! Even her public men have admitted that she can hope only to be a junior partner with us. France is today in a second-rate position of international influence. In addition, she is internally disrupted both politically and in the economic sense. Hence, *she* has neither the power nor the authority to stand up against the challenge. No other nation can qualify for leadership. America alone has what it takes.

Now, how well prepared are we to face such a task? Are we in the proper state of mind? Have we the needed resources? If not, can we get them? Are

our internal affairs in such a condition that we need have no doubt about the economic future at home and abroad? These questions need to be answered now, for time seems to be running out. Let us try to answer them honestly and fearlessly.

To begin with, it might as well be admitted that in the *psychological* sense we are somewhat unprepared for the role in which fate has cast us. For almost the entire period of our national existence, we have lived in "splendid isolation." The oceans on both sides of us have provided us with magnificent geographic barriers. We had a half-continent to develop. We applied ourselves to the task with vigor, and in a material sense we have done a magnificent job. Until the first quarter of this century, we let Europe "stew in its own juice" and minded our own business at home. We can no longer do so and feel safe, for ocean barriers have been annihilated.

WHEN World War I ended, it began to dawn on the minds of many Americans that the days of our *political* isolation were probably numbered. There were still many, however, who failed to realize that the same was true in an *economic* sense. They called loudly for a return to "normalcy." We returned to it, too. That meant a further period of isolation in the economic sense, with great prosperity built up behind a high tariff wall, a "favorable" balance of trade, a widespread orgy of speculation, and cash! The years of depression that followed need no comment; they are still vivid in too many memories to call for remarks. But they did breed abroad the germs of World War II, and if no prior event shattered our isolation, the Second World War did. Yet there are still some—many, perhaps—who talk as if all we need now do is to throw up barriers that will shield us from the ravages of economic and social storms abroad. Fortunately many thinking people, and among them a majority of businessmen of influence, harbor no such illusion. They know that for us, in terms of economics, the days of our isolation are definitely ended and will not again return. Yet, to the extent that isolationism exists in the minds of Americans, to that extent we are unprepared for our new, worldwide role.

If there were no other reason for seeing the end of our isolation, there is ample ground for seeing it



in our need for expanded sources of raw materials to feed our machines of production, and also our need of markets in which to sell some of the finished products of these machines. Our own people need most of what we can produce, though even for our surplus products we still need outside markets too. But we cannot afford to forget that we dipped deeply into our natural resources of iron, of oil, and of other raw materials in order to produce the materials of war, both for ourselves and for our allies, during the two World Wars. This drain on our resources has left us in the position of needing to import such materials in quantities greater than ever before in our history. To believe otherwise is either to be uninformed or to be merely stupid. The recent move to build stockpiles of strategic materials is a recognition of this fact. It is a good thing for us that such materials are available in quantity elsewhere and that we still have the means to get them. If it were otherwise, we would be in sorry shape.

BUT it is when we look at other of our internal affairs that we find room for both assurance and fear. The assurance is to be found in a number of factors. One of these is the magnificent productive plant we own. There is nothing like it on earth. There never has been. It is both the envy of the totalitarians and the current hope of the free world. Besides, in spite of all the waste and all the tragedy of the recent war, we have improved its efficiency to a point that we ourselves are just beginning to realize.

Another factor is a labor force so large and so efficient as to leave no cause for fear that it can soon be outstripped in productive ability. Of course its capacity to produce is tremendously enhanced by capital equipment in the form of tools and machines. The combination of millions of well trained workers and billions of dollars' worth of tools and machines has made us a nation to be admired and a potential enemy to be respected and feared. The totalitarians are well aware of that, and this is why one of their great aims is the sowing of discontent and strife in the ranks of American labor, and the stirring up of trouble between American employers and American workers.

A THIRD factor of assurance is found in American managerial ability. No group of businessmen in all the world have so well learned how to coordinate the elements of production for efficiency. They have the "know-how" of mass production in a measure unequaled anywhere. They talk in terms of millions and even billions of units of product. No job seems too vast for them to tackle and to do! They have produced hundreds of thousands of planes, millions of cars and trucks, billions of shells and of small arms ammunition. They have constructed hundreds of thousands of miles of railroads over any kind of land, have built highways over deserts and over frozen wastes. They have created fleets of cargo ships and naval armadas in periods of time so short as to leave the world gasp! And they can apply the same skill to producing the necessities and the luxuries of peace not only for the millions of America, but also for millions who live beyond America's shores. All the world knows this too, and it is another reason why the totalitarians fear us. They know that they cannot

cope, yet at least, with the avalanche of goods that can be produced by free men in a free America.

A fourth factor in favor of our leadership is our huge land area with its varied climate and its enormous fertility, a fertility which we ourselves have only begun to realize fully. Our potential allies need our help, and we can send it to them even if it pinches us a little to do so. With respect to this, the war taught us a useful lesson too. We learned that the application of machine techniques to the age-old problems of farm production paid handsome dividends, both in the conservation of human and animal labor and in increased yield from the soil. For today, with a greatly reduced force of farm labor, we are producing the greatest farm crops in our history. True, we have been wanton in the use of our land heritage in the past, and have allowed billions of tons of good topsoil to go down our rivers to the sea. Yet in spite of that wanton waste, we have performed some miracles of production. Our friends will not need to starve!

THERE are other factors of assurance in the picture on which it is perhaps unnecessary to dwell now. But enough has been said to demonstrate that, in some respects at least, the scales are in our favor if we choose to keep our appointment with destiny.



HERBLOCK IN THE WASHINGTON POST

"Nonsense, Madam—all babies look like me!"



*"... and When Is It Not a Crucial Time?"*

HERBERT BRATTER

#### CHURCHILL'S VISIT

WASHINGTON

THE aging Prime Minister visited Washington at a crucial time—and when is it not a crucial time?—for the Empire on which it used to be said the sun would never set. While Mr. Churchill's stress in Washington is said to have been on broad questions of international strategy, such as should make an interesting sequel to that leader's list of best sellers, economic matters were not far in the background. Britain still needs large quantities of goods from us, and indeed from the sterling area as well; and it wants a better market here for sterling area rubber and tin, which the RFC, in keeping with Senate sentiment, has been boycotting because it is overpriced. Also, while the Chamber of Commerce of the United States has urged that we help the Conservative Government, Senator Green (D., R.I.) and others warn that Britain risks forfeiture of U.S. aid if she persists in aloofness from

a united Europe. For political, if not also economic reasons, the first UK loan instalment has been paid, while Washington hands London \$39,888,000 as recompense for letting European Payments Union members spend an equal amount of their sterling balances. Thus are politics and economics intertwined.

#### FOREIGN AID CONFRONTS CONGRESS

"Whole swarms" of Senators and Representatives used the recess for foreign junkets at taxpayers' expense, according to Army officials who ought to know. Some of the legislators are believed to be in a mood to question the rate at which foreign aid has been eating up Federal funds and to be ready to insist that we get some definite promises in exchange. Our experience suggests, however, that the process will go on in one form or another. At ERP's end, for example, when the Marshall Plan worm became a NATO moth, everyone said: "Well,

it was worth while. It kept Europe from going communist."

Believers in this self-renewing reasoning would do well to get the December 1951 AFL magazine, *The American Federationist*, and read the article, "Plain Talk on France." The author, AFL's European representative, concludes that our whole military effort in Europe may be just another Maginot Line "around a country which will be paralyzed from within and will collapse in the event of any act of aggression from Soviet Russia." He refers, of course, to the Communist entrenchment in French labor throughout French industry.

#### INVESTMENT TRENDS

During the first nine months of 1951, long-term American investment abroad was barely half the corresponding 1950 total. Investment in branch plants and businesses continued the decline of 1950, but re-investment of undistributed

(CONTINUED ON PAGE 132)

The author is head of the Finance Department at Duquesne University, Pittsburgh.

THE only short-term credit bank in the Union of Soviet Socialist Republics (USSR) is the Gosbank, an abbreviated term for the Gosudarstvenny Bank. Literally translated it means State Bank, and all three designations have been used interchangeably in speaking and writing about it. We will use the term Gosbank throughout as more distinctive and less liable to be mistaken for any other institution, as all banks in Russia, being owned by the government, are in truth state banks.

The problem of this study is to collect, from the relatively rare sources, information showing how these banks were established, how they developed, and how they are controlled and administered; showing what their claimed functions are and how these functions are performed, and showing what they have accomplished in conducting their banking business.

### Its Ancestors

The progenitor of the Gosbank was the State Commercial Bank, owned and managed by the Czarist government, and first founded in 1754. As a result of unsatisfactory operations it was closed and its assets turned over to the State Bank on May 31, 1860. This bank likewise failed to give genuine satisfaction despite a combination of a monopoly on its part, and various corrective measures. Bolshevik ideology was bent on the destruction of banking and all other forms of capitalism, and after the bank loaned heavily to the Communist Party, under duress from Lenin, the State Bank, along with all the other banks in the country, was closed immediately after the successful revolution of October 1917. Finding it impossible to control inflation, which had been begun by the Bolsheviks as a means of destroying the value of money, but which later was found destructive to their own power, and in order to carry on the normal processes of production and distribution of goods, the Gosbank was reorganized

# The Gosbanks of Russia

GERALD L. ZIMMERMAN

in 1921, though even today Communist ideology is contemptuous in its consideration of the banking system.

Some slight but relatively unimportant changes in the structure and control occurred in 1923, but the first general revision of banking came in 1929, supplemented again in 1930, in order to make the Gosbank a more effective instrument in carrying out the First Five-Year Plan (1928-1932).

These changes resulted, among other things, in making the Gosbank the sole short-term lending agency in the Soviet Union. Some slight changes took place in the Gosbank in 1933 and again in 1939, but nothing really significant. Since 1941 the blackout of news from behind the Iron Curtain has been almost absolute.

### State Control

Control of the Gosbank, from the very time of its reestablishment, has been in the hands of the state. The state itself is nominally under the Supreme Council of the USSR, as the *de jure* control. Actually controlling the Supreme Council is the Politburo, with its 12 members and the General Secretariat of three. This close organization has dictatorial powers, and is really the combined legislative, executive, and judicial organization of the Communist party. This control, whether considered as the visible control of the Supreme Council, or the invisible control of the Politburo-Secretariat, requires the socialization of all phases of the economy. Thus the

Soviet Government owns the Gosbank in toto. It supplied the original capital of 50,000,000 rubles, which was eventually increased to 400,000,000 rubles. The specific control is by a council of 40 members, chosen to represent almost every phase of Soviet production and distribution, and a board of directors of seven members, with the Commissar of Finance as chairman of the council. Meetings are scheduled semi-annually.

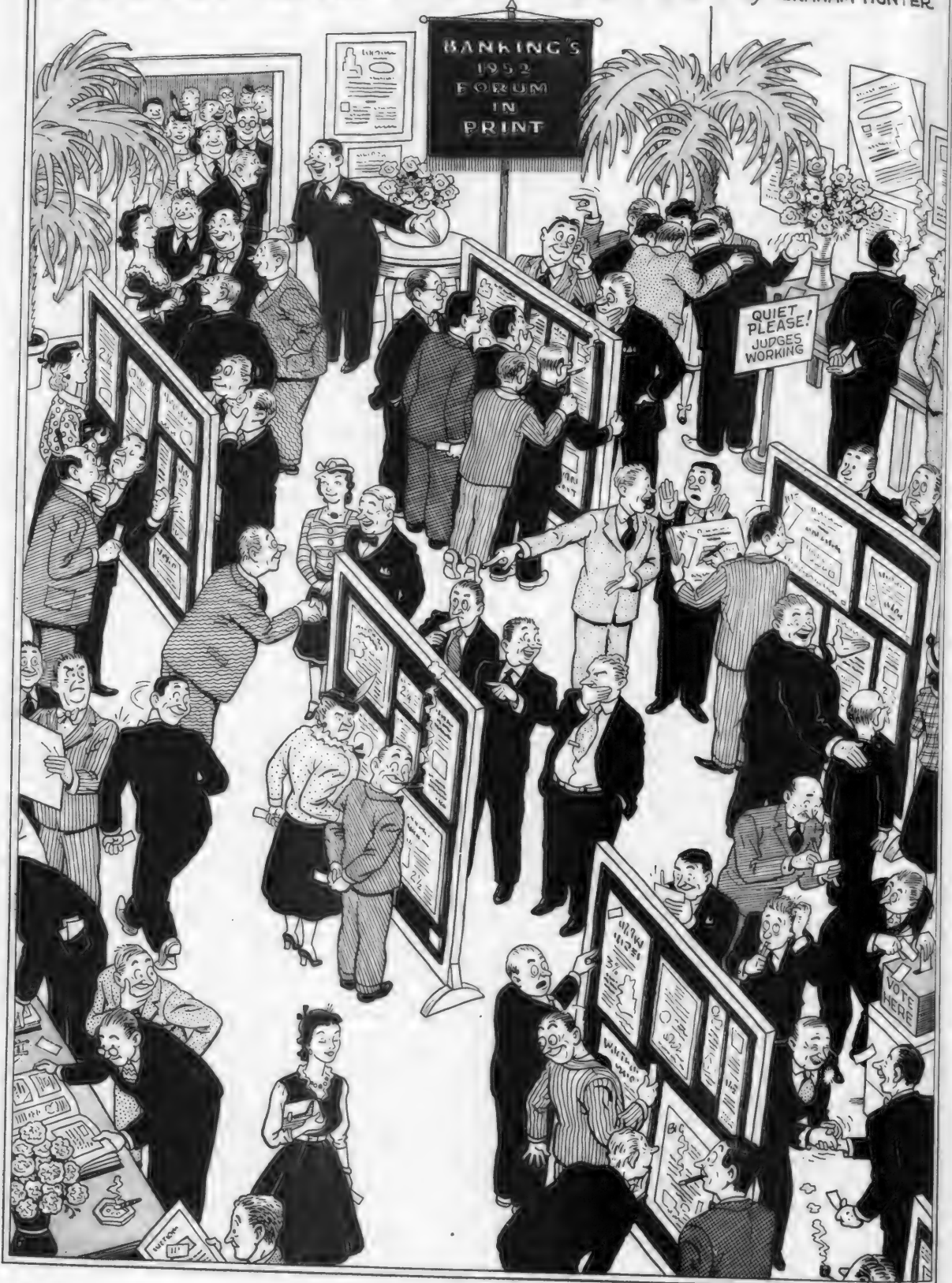
The various operations which the Gosbank is permitted to carry on, are summarized from the *Collected Decrees, 1933, Decree 250*, by Arthur Z. Arnold, in his *Banks, Credit and Money in Soviet Russia*, published by Columbia University Press in 1937:

- (1) To buy and to sell for its own account gold and other precious metals, foreign currency, and exchange.
  - (2) To discount commercial paper and also other time, non-interest-bearing obligations.
  - (3) To grant time loans and to open credit in the form of "on-call" (demand) overdrafts and current accounts.
  - (4) To grant credit against commercial discounts.
  - (5) To grant special-purpose loans.
  - (6) To guarantee payments at home or abroad, and to accept bills of exchange payable abroad.
  - (7) To accept the following deposits: (1) current, (2) demand, (3) time.
  - (8) To obtain credit abroad, in
- (CONTINUED ON PAGE 129)



# IDEAS AT WORK . . . . .

by GRAHAM HUNTER





# METHODS and IDEAS

## *Savings from Small Changes*

MR. COREY is assistant comptroller of The First National Bank of Boston, which has a highly developed methods department.

### HERBERT R. COREY

WHEN Frank Beach, vice-president of The United States National Bank, Portland, Oregon, spoke on "It's the Little Things That Count," at the New Orleans convention of the National Association of Bank Auditors and Comptrollers, he brought up a subject of cardinal importance which is often overlooked. Too often we think that substantial savings result only from large changes, and we fail to realize that even greater savings may result from small changes which affect volume operations.

The savings from small changes are often astonishing. Take, for example, a bank which handles 25,000,000 items yearly in its proof department—in that bank, any change in the handling of those items which cuts as little as one second per item from the processing time will result in a saving of almost 7,000 hours annually, the equivalent, in time, of 4.5 clerks.

### "Little Things" That Counted

After returning from New Orleans I looked around our bank for some "little things" that we had done which not only resulted in savings to us, but in some cases resulted in improved customer service—a desirable goal. These ideas are offered here [and in next month's continuation of this article—Ed.] with the hope that they may be applicable in your bank or that they may give you a helpful idea.

For instance, in our instalment loan department the credit bureau

reports and miscellaneous memorandums and correspondence, together with any other supporting papers that may develop, are kept with the respective borrowers' loan applications. These papers are of varying sizes, and our instalment loan people—with the thought in mind of not losing or mislaying any—developed the practice of clipping the papers of each loan together with staples. The applications, with the papers attached, were then filed by loan number in letter-size drawers.

Until a few months ago, these files and the method of filing the material received no particular attention. The whole thing had simply developed and grown with our instalment loan business. By that time, however, 20 four-drawer files—80 drawers—were in use to house applications and related papers. With the realization that these files would soon be insufficient, our instalment loan people asked the methods department to study their whole filing procedure.

In looking over these files we found them to be in rather poor shape. The staples were at one end of the material, usually in the upper left-hand corner. Sometimes staples were one on top of another; for when late papers were added they were usually stapled to the application without removing the old staples. The extra bulk of the staples, all at one end, caused the material to fan out in the drawer. This wasted space and made the material awkward to handle.

*"Methods and Ideas" is edited by JOHN L. COOLEY of BANKING's staff.*

As a result of the joint study by our instalment loan and methods departments, it was recommended that all staples be removed and that the papers of each loan be filed in individual manila folders. This recommendation was made because we found that we could save from 30 to 50 thousandths of an inch per loan by eliminating staples and filing the material in folders. The recommended change was a small one, but it certainly counted; for when the job was completed we had eliminated the need for 12 of the 80 drawers entirely and still had room for normal expansion.

### Imprinting Tabs

Somewhat over a year ago, our methods men were working on a project in the correspondence file department and, among other things, found that new manila folders for each of our 3,200 trust accounts were being prepared each year. The typing of the account names on the tabs of these folders was done at odd times over a period of about five months so as not to cause any bottlenecks, especially near the end of the year.

Our methods men knew that the addressograph department maintained plates for each of these trust accounts, so it was only natural for them to suggest imprinting the tabs of the folders by means of these plates. The suggestion was acted upon, and now the 3,200 folders are being prepared by means of the existing plates in, roughly, 10 hours once a year. The saving in time which resulted was really only a by-product of the job our methods men were doing in the correspondence file department, but

there is no doubt that it represents some part of a 14 percent reduction in personnel that resulted from the over-all study of that department.

Before leaving the subject of files, it might be well to mention that when Mr. Beach asked for audience participation at the NABAC convention, representatives of three banks used as illustrations of "little things that count" improvements in their filing systems. This seems to be more than a mere coincidence. It points to a field where there must be many opportunities for us to make improvements.

*(Continued next month)*

### Examination Story Told in Bank's Ads

**T**HE CUDAHY (Wisconsin) STATE BANK has taken the public behind the scenes for a glimpse at what happens during a bank examination—and what the examiners look for.

In a series of unusual advertisements published in local newspapers the story was told from beginning to end. Each of the nine ads was a chapter of the narrative, and each was illustrated with photographs of the examiners at work with the staff. For instance, Chapter I, entitled "What's a Bank Examination Like?", chronicled and pictured the arrival of eight Federal Reserve and State Banking Department representatives for "the customary sur-

prise visit." The bank, explained the text, must always be prepared to subject its records to these examining authorities as well as to the FDIC.

"The examiners' first job is to seal every cash, collateral, and security vault. Later, contents of the vaults are checked, and ledgers are proved and verified against general control figures. The examination is a systematic step-by-step procedure. The first step is known as 'securing control.' In the next few weeks we will take you behind the scenes and show you how an examination progresses."

Succeeding instalments, appropriately illustrated, were: "That Cash Must Balance!"; "Look Out for That Overdraft!"; "Uncle Sam Is Our Biggest Loan Customer"; "Let's Look at the Loans"; "We're in the Finals Now"; "Who Pays the Bill"; "Who Gets the Report Card?"; and "It All Adds Up to This." Under the latter heading the final chapter said:

"The story of a bank examination has told you about the many types of protection afforded bank depositors and stockholders. Bank examinations and insurance are not the least of these protections. . . . The front line of protection is and always has been the integrity, sound judgment and business experience of the men who set the policies and control the daily operations of the bank. With them rests not only the protection of the depositors'

funds, but the decision as to how those funds shall be used in furthering the business interests and well being of the community of which the bank is a part. The Cudahy State Bank has always endeavored to keep this uppermost in mind since its organization in 1909 . . ."

The series has been reprinted as a booklet.

### Letters to Servicemen

**C**HEMICAL BANK & TRUST COMPANY of New York is sending a chatty newsletter to its servicemen. Mailed first class, it reports the whereabouts and activities of Chemical boys in uniform and also includes a budget of news about the folks in the bank and a roundup of sports and general items. Several cartoons—including some from **BANKING**—are used.

Thus far the letter is on a bi-monthly basis, but eventually it will probably be mailed monthly.

\* \* \*

**BANK OF SHEBOYGAN**, at Sheboygan, Wisconsin, is actively befriending its community's servicemen. The bank writes them newsy letters about home town affairs, usually enclosing a folder of local pictures, newspaper clippings of personal interest, and sometimes a syndicated weekly news letter.

"The daily paper gives us the information," says R. H. Mueller,

*(CONTINUED ON PAGE 116)*

Here are two illustrations from the Cudahy State Bank's advertising series "The Story of a Bank Examination." At the left, Melvin M. Weed, assistant cashier, and Alvin Makowiak, vault attendant, watch Examiners James Garvey and Herman Longfield seal the bank's vault. "Contents of the vault," said the caption, "will be checked in the presence of examiners and members of the bank staff at a later time." The picture at the right: "Tellers Edna Gumhold, Mildred Schwingle and Eleanor Garity are shown having their cash counted by Examiners Thomas E. Pederson, Hugh Hayes and H. W. Sadler. Every teller's cash must check with the general books of the bank"



# Market Research

## for Bank Services

DONALD R. G. COWAN

"Many people think that banks have no selling problems," says DR. COWAN, who is Professor of Marketing at the School of Business Administration of the University of Michigan. He adds: "Such notions are false. Banks have selling problems—yes, competitive selling problems which are among the most difficult to solve because bankers sell intangible services."

The following article is taken from

a study by DR. COWAN which appeared in a recent issue of the Michigan Business Review, published by the school of which he is a faculty member. A second part of the study will appear later in BANKING.

DR. COWAN formerly headed his own firm of economic and market analysts in Cleveland. He is a past president of the American Marketing Association and has written extensively on marketing research.

MARKETING research may be applied to the whole area of selling bank services. It includes the development of information about present and potential customers, about loan policies and services desired, about promotional methods and performance, about costs associated with various services and types of customers, and about the services, charges, promotional appeals and public favor of competing banks.

Here are some of the specific questions which research may help to answer in providing a basis for planning more productive selling effort:

I. *How big is the market for a bank's services?*

(A) How many people use bank services?

(B) What kinds of people patronize the different banks?

(C) What bank services do they patronize?

(D) What will they pay for different services?

(E) What are the differences in patronage motives and preferences of different patrons, e.g., the home, the industrial firm, the professional man?

II. *Where is the market?*

In what areas is the demand heaviest? How concentrated is it? How permanent is it?

III. *How does the customer of the individual bank like its services compared with other banks?*

(A) Does he or she like the bank's facilities; its employees; its methods?

(B) From what officials or departments has he sought advice and with what satisfaction and confidence?

(C) In what way would he or she like to see the facilities and services improved?

IV. *What is the most profitable way to sell the bank's services?*

(A) What methods are now being used?

(B) Based on past experience, what will it cost and what will be the net profit in reaching different segments of the market, such as different types of customers, various kinds of service, and quite different geographic areas?

V. *How well does the bank meet market requirements?*

(A) What are the job requirements?

(B) How should personnel be selected?

(C) How should they be trained?

(D) What selling methods should be taught them?

(E) How can they use their time most effectively?

(F) How should they select prospects?

(G) How should they be paid?

VI. *Is advertising giving maximum support to the sales effort?*

(A) What are most effective advertising appeals?

(B) What are the best media for the particular campaign?

(C) What are the best media to reach particular segments of the market?

(D) How can the advertising and selling effort be coordinated?

(E) How can advertising results be evaluated?

These are pertinent questions. In developing answers, there are different methods which the versatile research man will apply according as they best meet the needs of a particular problem.

The survey or poll is the method whereby selected people are asked

(CONTINUED ON PAGE 142)

# Banks' Advertising Expenditures

Following is a brief glance at some of the data compiled by the American Bankers Association Advertising Department in its annual survey of commercial bank advertising plans. The survey was conducted under the direction of JOHN B. MACK, JR., manager of the department, and G. EDWIN HEMING, associate manager.

The department expresses its appreciation to all the bankers who, by answering the questionnaire, made this study possible. They will soon receive a detailed summary of the complete study. A limited number of extra copies will be available to others on request from the A.B.A. Advertising Department, 12 East 36th Street, New York 16, N. Y.

**C**OMMERCIAL banks will spend \$48,000,000 for advertising in 1952—an increase of between 11 and 12 percent over 1951. These figures are based on the current A.B.A. Advertising Department survey of commercial bank advertising plans.

Similar surveys have been made annually for the past seven years, and comparisons reveal some interesting trends. Bank advertising

expenditures have been moving steadily upward. Banks in every size group, except those with less than \$1,000,000 in deposits, will spend more this year than last—the largest annual expenditure for this purpose since World War II.

Part of the increase is occasioned by rising costs of art work, typography, and printing, and other advertising expenses. But the rest is attributable to a growing apprecia-

tion of what an adequate expenditure can do for a bank that plans its advertising on a sound and consistent basis.

In reviewing the accompanying chart of 1952 expenditures, it should be remembered that these figures are *average* amounts and obviously the amount shown for banks in your deposit classification is not necessarily an amount sufficient for your own expenditure. The job to be

## 1952 ADVERTISING EXPENDITURES ALL COMMERCIAL BANKS IN U. S.

Deposits (\$)	Number of Banks in U. S.	Number of Questionnaires Returned	1952 Average Expenditure for banks	Comparison					
				1951	1950	1949	1948	1947	1946
Under 1 Million	2,700	205	\$445	\$485	\$410	\$450	\$385	\$285	\$266
1 to 5 Million	7,930	1,171	\$1,165	\$1,025	\$900	\$1,050	\$900	\$760	\$698
5 to 10 Million	1,810	480	\$3,216	\$2,710	\$2,600	\$2,500	\$2,265	\$2,160	\$1,780
10 to 25 Million	975	355	\$6,747	\$6,335	\$5,970	\$5,540	\$4,765	\$5,030	\$4,383
25 to 75 Million	420	151	\$17,435	\$15,945	\$16,020	\$15,854	\$12,835	\$15,390	\$23,954
Over 75 Million	235	87	\$71,697	\$67,520	\$56,750	\$55,400	\$64,120	\$62,750	
Totals	14,070	2,449							

Based on this survey, the Advertising Department estimates total advertising expenditures for *All Commercial Banks* in U. S. for 1952 to be about \$48,000,000.



# To Rise 12 Percent over Last Year

done by your bank in your community, your competition, and the extent of your promotional plans—these are much more important factors than averages in determining how much you should spend.

For the fifth consecutive year, banks will place greatest emphasis on their deposit services. Savings and thrift accounts run neck and neck with checking accounts for major emphasis. But, in the photograph, savings and thrift win out by a small margin.

During the previous four years checking accounts had been in the number one spot. Savings accounts were second. But the gap has been steadily narrowing. This trend of increased emphasis on savings reflects the banking fraternity's drive to combat inflation.

In line with banking's voluntary credit control program, the advertising spotlight has been swinging away from loans and toward the

encouragement of thrift. For example, in 1946 top emphasis was on loan services, while savings and checking accounts were in 10th and 8th place, respectively, on the chart of advertising emphasis.

That banks will make a strong bid for savings business in 1952 is borne out still further by the answers to this question asked in the survey: "What do you think is the major bank advertising job to be done in 1952?"

While the bankers who expressed opinions covered a wide range of subjects, many of which are difficult to tabulate, the stressing of savings and thrift and the importance of combatting inflation were mentioned most frequently.

COMMENTS like these point up the general feeling on this subject:

"Banks should take the lead in making people thrift conscious and tax conscious, and aware of the great

debacle that will surely come from government waste."

"Teach the practice of thrift and the curtailment of nonessential spending."

"In some manner, show the present generation that this nation was built on honesty, dependability, and thrift, and that the world does not owe anyone a living who does not earn it."

"Stress savings and thrift and providence for the future."

"Point out the need to curtail unnecessary borrowing and curb inflation."

"Pound away at thrift as one of the few things an individual can do to fight inflationary trends."

Other popular themes are: Educating and informing the public about bank services; showing the difference between banks and savings and loan associations; preserving free chartered banking and the free enterprise system.

## EMPHASIS CHART

Figures given indicate total number of banks which will give first, second or third emphasis to that particular service.

1952		In Order of Emphasis						
Service	Number of Mentions	1952	1951	1950	1949	1948	1947	1946
Savings—Thrift	1660	1	2	2	2	2	8	10
Regular Checking	1656	2	1	1	1	1	5	8
Auto Loans	790	3	3	3	3	3	1	1
Personal Loans	541	4	5	6	9	5	3	3
Farm Production Loans	526	5	4	5	4	6	4	4
Mortgage Loans	476	6	6	4	5	4	2	2
Bank-by-Mail	410	7	7	7	7	13	15	13
Repair Loans	291	8	11	10	11	8	9	6
Institutional	282	9	12	13	12	11	12	12
Special Checking Accounts	263	10	13	11	8	12	10	11
Business Loans	261	11	8	8	10	9	7	7
Safe Deposit	243	12	10	12	13	14	16	15
Farm Equipment Loans	241	13	9	9	6	7	—	—
Trust Service	201	14	14	14	14	—	—	—
Home Appliance Loans	196	15	15	15	15	10	6	5
Life Insurance Loans	148	16	16	16	17	17	13	9
Educational	100	17	17	17	16	16	14	14



# Effective Internal Control III

## Accounting and Auditing Controls

HENRY R. LIGHT

*This is the third in a series of articles based on the condensation of a thesis which the author wrote in partial fulfillment of the requirements for a Master of Arts degree at the University of Pittsburgh. The first two of his articles appeared in December and January. Others will be published in later issues of*

**BANKING.**  
Mr. LIGHT is cashier of the First National Bank, Clairton, Pennsylvania.

THE controls discussed below relate specifically to good accounting practices and procedures designed to prevent and detect fraudulent acts. Some of the measures suggested may be rather general in their application, but each one serves a useful purpose in any significant effort to establish effective control.

### Dovetailing Accounting Records

The broadest and most general control is the over-all control which is here designated as the dovetailing of accounting records. It is the requisite counterpart of division of duties of employees in providing proper internal control. The records made by each employee in accounting for his operations are gathered and channeled into their respective places along with the accounting records made by other employees. Such records of each employee must be compatible with the records of the others. As the combined records are sifted in the course of processing, they funnel into their determinate places and tie together in the ultimate balance which proves the accuracy of the day's operations as a whole. Any irregularity which occurs along the line throws the combined figures out of balance and

requires a search to determine the source of the trouble.

Notwithstanding the unavoidable situation of having to cope with clever manipulators, the dovetailing of accounting records still merits a prominent place in any consideration of fraud prevention and detection.

Fraudulent charges made by tellers and employees other than officers should be prevented by adopting and enforcing the rule prohibiting these employees from initiating any charges to be made to depositors' accounts. An officer who does not handle operations pertaining to depositors' accounts in the normal course of his duties should be delegated to approve all legitimate charges other than signed checks which need to be made against depositors' accounts. Individual ledger bookkeepers should be instructed and cautioned to post no such charges against accounts unless they bear the written authorization of that officer. Strict adherence to these precautionary measures will go a long way toward eliminating peculations perpetrated by employees through fraudulent charges against depositors' accounts.

### Restrictions on Dormant Accounts

Dormant accounts are convenient repositories for hiding thefts by bank employees. Because these accounts are inactive, they offer a comparatively safe place to conceal the perpetration of fraud from chance encounters with normally active operations. In a dormant account, false entries may remain hidden for years. No activity or inquiry pertaining to the dormant account arises to cause any disturbance. For this reason, dormant

accounts should be segregated, and a separate control covering the total of the accounts should be carried apart from the total of active accounts.

Some person other than an individual ledger bookkeeper should be charged with the responsibility of checking the authenticity of any entry made to a dormant account. If the entry is a withdrawal, the signature on the check should be verified with the signature of the depositor on file. An officer of the bank should be designated to approve by initial the entry authorizing the posting to the dormant account.

A trial balance of the dormant accounts should be taken periodically by someone other than the person who posts to these accounts, and the total should be checked against the control. Charges made against the accounts should be reviewed periodically by an officer delegated to audit dormant accounts, to ascertain that all withdrawals have been approved.

### Access to Records and Machines

An effective preventive of fraud based on improper access to records is to insist that all bank records be locked in the vault after working hours. Usually, two officers are present at the opening and closing of the vault. If all records are locked therein, a defrauder could not have access to the records he needs to prepare statements of depositors' accounts. When he finds it impossible to get to the records after hours, he may find it impracticable to carry on his peculations. Even the use of a bookkeeping machine after normal operating hours should be frowned upon by bank management, and such

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# Better LAYOUT—Less OUTLAY III

## Lighting Can Do a Job

FORDE STEELE

*This is the third in a series of articles by the assistant cashier of the Central National Bank of Cleveland. Those which appeared earlier—in October and December—were on the subjects of design and layout of banking quarters and the lobby and administrative areas. Articles on other phases of the subject of "better layout—less outlay" will appear in future issues of BANKING.*

**L**IGHTING is more than electrical fixtures and foot candles. It affects the comfort and well-being of staff members. Good lighting helps to produce happy, energetic employees who take peak loads in stride, give customers better service, and reach the end of the day with sufficient energy to enjoy their families and their extracurricular activities.

A well planned lighting system

will increase the quantity and quality of work performed by the employees. There will be fewer errors and less fatigue. Employee attitude and morale will be heightened. Everyone knows that employees with a good attitude and high morale produce more work with less effort, serve customers more effectively, and do a better job of selling their bank.

Inefficient and inadequate lighting not only dates your bank but actually deprives the management of the full productivity of its employees. The benefits of well planned lighting have been proved so conclusively that there is no longer any doubt that an investment in planned lighting is profitable.

The General Electric Company, in its booklet entitled *Planned Light-*

*ing*, points out that adequate light is the smallest expenditure in the cost of operating an office. The annual cost of a typical office operation is calculated to be about \$30 per square foot.

Of this amount—

Space accounts for about .....	\$2.50	(8.3%)
Services and supplies .....	1.50	(5.0%)
Furniture and machines .....	.75	(2.5%)

Of the remaining \$25.25—

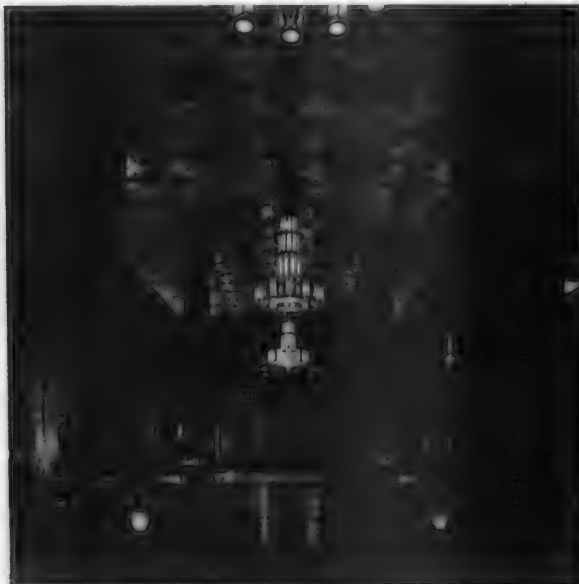
Light accounts for about .....	.25	(0.8%)
Salary and wages total .....	25.00	(83.4%)

Total annual cost .....\$30.00 (100.0%)

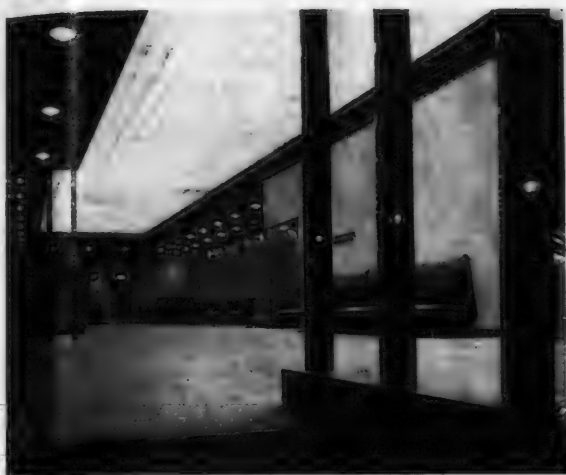
Unless you have recently invested in planned lighting, it is quite probable that less than 1 percent of the cost of operating your banking

### RECESSED DOWN-LIGHTS

Before-and-after views of the lobby of the Central National Bank of Cleveland's main office, showing how the old chandeliers were replaced by more efficient fixtures







#### LOUVERALL AND RECESSED DOWN-LIGHTS; LUMINOUS PANELS

*Left, Euclid Avenue office of the Central National, showing a louverall installation for the lobby area and recessed down-lights in the administrative areas. Right, luminous panel lighting in the bank's main office entrance lobby*

quarters is made up by the amortization and operating costs of your lighting system.

Reinvesting this amount—or two or three times as much—in “planned lighting” will be profitable.

The pamphlet reports that increases in employee performance of 5 percent to 10 percent are common. In a Government test conducted by the Public Buildings Service and the Public Health Service in a Bureau of Internal Revenue office, employee performance increased 5.5 percent, even though some assignments required up to 50 percent more work at the end of the test period. This was achieved by changing from 10 foot-candles of poor quality light to 50 foot-candles of good light, and introducing light-colored environmental finishes.

#### Definition of Terms and Types of Lighting

While there is considerable variance in usage, the following definitions should prove helpful.

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#### DOWN-LIGHTS; TROFFERS; LUMINAIRES

*Above, recessed down-lights in a branch office of the Oglesby-Barnitz Bank and Trust Company, Middletown, Ohio. The chandeliers are largely decorative. Below left, work area in the First National Bank of Chicago, lighted with aluminum troffers placed perpendicular to the line of vision of the employees. Below right, Shaker Heights office of the Central National, showing luminous side, lowered luminaires*





# the FAMILY DOLLAR

# BANKING'S FINANCE FORUM

## Experts Discuss the Day's Home Circle Problems

## LIFE INSURANCE

**I need some money. Should I borrow from my bank or on my life insurance?**



*Answered by  
DUDLEY B. MAR-  
TIN of the Insti-  
tute of Life In-  
surance, New  
York City.*

**B**BETTER to borrow from your bank if you can arrange to do so because this will keep the life insurance protection which you have bought for your family free and clear of any lien or obligation.

When you borrow from the bank you have the advantage of a definite schedule for repaying the loan. There is a fixed date by which the money must be paid back and you plan toward it.

When you borrow from your life insurance company on your policy, on the other hand, you are under no such compulsion to pay the loan off. Under your policy you can bor-

row against your cash value at a rate of interest specified in the contract for so long as you want the money and the company cannot fix a date when you must pay it back. That might seem an advantage, but in actual practice it has proved to be a disadvantage in that, without a definite schedule to meet on repayments, people are apt to let their loans ride. If there is a loan outstanding on your policy when you die, it will be deducted from the proceeds payable to your family from your policy.

The loan privilege is one of the secondary benefits of life insurance and arises from the fact that most policies on the level-premium plan build cash values as the years go by. Life insurance companies generally discourage borrowing against these values except in case of emergency, since experience has shown that too often a policy loan will lead to discontinuance of the insurance and hence to the frustration of the purpose for which the protection was originally bought.

One form of bank loan that many people favor is the personal loan

repayable in monthly instalments over a period of a year or 18 months. This is frequently covered by life insurance at a small charge. In the event that the borrower dies before the loan is fully repaid, any balance is met by the insurance and the family thus is relieved of any obligation on the loan.

## TAXES

### What, in general, is the tax problem of a married man with an estate of \$50,000?



*Answered by  
J. K. LASSER,  
tax expert and  
author of popu-  
lar books on  
taxes.*

**W**ITH a \$50,000 estate, there would seem to be no estate tax problem—the exemption for Federal estate taxes is \$60,000. But will the estate be worth only \$50,000 at death?

For example, if the estate consists

mainly of an interest in business, the Government formula for valuing the goodwill of a business may boost the value of the estate considerably above the estimated value. The Government formula capitalizes the average earnings of a business after allowing a return up to about 10 percent on the tangible assets to find the value of the goodwill. The rate of capitalization is about 15 to 20 percent. This method of valuation may give a value far in excess of book value and much higher than the individual thought his estate would be worth. And, of course, all the other assets in the estate may fluctuate in value from time to time.

Because of the uncertainty of the value of his estate at death, the individual with a \$50,000 estate must properly take all the necessary steps to reduce his estate (for example, use the marital deduction) as the person with an estate that would undoubtedly exceed the \$60,000 exemption.

He might also use various forms of stock purchase agreements with his business associates or his key employees in order to help fix the value of his business and provide a means of acquiring the needed cash to pay his estate taxes.

## TRUSTS AND ESTATES

How often should a will be revised?



*Answered by*  
GILBERT T. STEPHENSON, *retired Director of Trust Research, The Graduate School of Banking.*

As often as there are substantial changes in (1) the persons or objects that are to receive the property, (2) the size and nature of the estate, and (3) the testator's ideas as to the terms and conditions upon which his estate is to be distributed.

Changes in persons and objects include birth, deaths, marriages, and the like.

Changes in the estate include increases or decreases in the amount and changes in the nature of the property.

Changes in terms and conditions may result from illnesses or accidents or marriages or divorces.

Under a will made today the testator might leave property outright to a person. On account of changes in that person's condition within a very short time, the testator might decide that he had better leave that person's share of his estate in trust for him.

Also, frequent and major changes in tax laws make it wellnigh essential for a testator to review and, if need be, revise his will at short intervals. Under present day conditions, one never should let over a year or two at most go by without re-reading and reconsidering his will.

One practical suggestion about revising a will is that, when the will is made, the testator should have an understanding with his lawyer and his executor as to which of them is to remind him to re-read his will. It is so easy for one to overlook or to put off doing this.

## INVESTMENTS

What, in general, is the current relation between the book value of bank stocks and their market prices? Why?



*Answered by*  
JAMES W. WOOSTER, JR., *financial associate, The Commonwealth Fund, New York, N.Y.*

A REPRESENTATIVE list of large, metropolitan bank stocks is quoted, at this writing, at an average discount of 15 percent below the stated book value of these banks. In other words, a bank reporting assets equal to \$100 per share of common stock, after deducting all liabilities, can be bought for \$85. Since most banks value their assets very conservatively in their public statements, it is probable that in many cases actual book values, including undisclosed reserves, may be as much as 10 percent more than reported book values. This means that an ownership participation may be purchased today in our nation's leading banks at a price as much as one quarter below the cost of replacement of their physical assets, without consideration of the "goodwill" and "going concern" value which they represent.

During many past periods bank stocks have sold at one and one-half times their book value, and this valuation has been considered reasonable. With many bank stocks currently available at 75 percent of their true book value, rather than the former 150 percent, why is there not a rush of purchasers to take advantage of this "bargain"?

The market prices of securities are determined by many factors, tangible and intangible. Among the tangible factors the book value of assets is generally of minor importance. Much more significant factors are the amount of earnings and the amount of dividends. Less tangible, but of basic importance, is the outlook for future earnings and dividends.

In the case of most industrial, railroad and public utility companies the book value of their stocks is represented only to a small extent by cash, or even by such comparatively liquid items as inventory and accounts receivable. Most of the book value is represented by land, buildings, machinery and equipment, the value of which is largely dependent upon the continued operation of the company. It is possible to realize book values only through liquidation. Since, in the case of most corporations the act of liquidation would destroy a considerable portion of the value of the assets which represent book value, it is not difficult to understand why book value is usually of only theoretical importance, as compared with the practical importance of earnings and dividends, in determining the market value of stocks.

The operation of banks, and the assets of banks, are quite different from those of manufacturing or transportation companies. The assets of banks are mainly liquid, in the sense that they can be readily sold at a fair value, or can be called for payment on relatively short notice. Although it is also true in the case of banks that the book value of their assets can be made available to stockholders only through going out of business, through liquidation, merger or asset sale, nonetheless, because of the liquid and semi-liquid nature of bank assets, it is much more practical for a bank to consider the winding up of its affairs to the possible advantage of its stockholders

than it is for the average industrial corporation.

Therefore, during the past several years we have seen the unusual spectacle of a bank's stock becoming of greater market value when it was about to go out of business than it had when it was operating profitably as a going concern. However, the amount of capital which can be unlocked and withdrawn from the banking business is limited. The great majority of banks will continue to operate, and the market prices for their stocks will continue to be influenced by present and prospective earnings and dividends.

The chief reason for the present illogical relationship between the book value and the market value of leading bank shares is the inadequate earnings of banks. The reasons behind this low earning power are varied, and controversial, but it is difficult to project a major increase in bank earnings in the immediate future. Even though operating income rises, the much higher Federal income taxes in prospect will siphon off most of this increase. If bank earnings are not allowed to attain a level which will attract new capital, in competition with other businesses, there will remain an incentive to liquidate banking assets and withdraw bank capital. Such a procedure is not in the public interest.

That is one reason why a higher level of bank earnings is of importance to the general public, as well as to the owners of bank stocks and to present and potential borrowers. Pending the ultimate establishment of a higher level of bank earnings, leading bank shares, selling at significant discounts from book value, have some appeal for their generally well protected dividends which average from  $4\frac{1}{2}$  percent to  $5\frac{1}{2}$  percent.

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*An optimist is a person who is satisfied if he finds an oyster and not a pearl in the stew.*

An author recently wrote a book called, *American Social Insects*. We know a few he never met.

*Marriage not only brings a lot of change into a man's life, but it takes a lot out, too.*

---

## PERSONAL FINANCES

How can I make more money out of my surplus?



Answered by  
DORCAS E.  
CAMPBELL, as-  
sistant vice-  
president, East  
River Savings  
Bank, New  
York City.

WHERE is that surplus now? How much surplus do you really have? When will you need part of it for business or education or for emergencies? Is it in a postal savings account at present? Then you can earn more in a savings bank. If it is already in one of these and you can wait for maturity, buy U. S. Defense Bonds maturing in 10 years. If you want regular income from the bonds, buy G Bonds (12 years maturity) and enjoy the interest paid every six months. If you cannot get insurance or if you are elderly and can afford it, buy annuities.

Perhaps a trust fund is the answer if protection for young people is important. If stability of income is desired, your broker will advise on one type of industrial bond. If speculative income is the challenge, he will advise on a stock fitted to such needs—and the chances of such an "investment."

How can you "make more money?" What is more . . . what is your need?

## REAL ESTATE

The terms of my amortized mortgage permit me to make payments on the remaining principal. Under what circumstances is it advisable to do so?



Answered by  
MILES L. CO-  
LEAN, building  
adviser, House  
Beautiful; con-  
sultant to the  
Twentieth Cen-  
tury-Fund.

You should look on your house as an investment. If your mortgage has been placed at a time of relatively high interest rates, it is us-

ually desirable to pay off as much as possible in a period of relatively low rates. What you are actually doing is investing in your own mortgage and taking advantage of the previous higher interest rate at which it was written.

On the other hand, if your mortgage carries an interest rate lower than what is currently obtainable, it is sound business to stay on the normal payment schedule and take advantage of the available higher rates by investing your savings elsewhere.

One safe guide is to pay off your mortgage when it makes your banker unhappy and to keep on the set schedule when he would be happy to have you pay up in order that his funds could go at higher rates.

What precautions should a mortgage lender take to assure that a house has been constructed within the meaning of the Controlled Materials Plan regulations? Must the lender "police" the job during construction?

THE mortgage lender is in no way responsible for enforcement of the limitations on materials, since he is not directly involved in either the purchase or installation of materials. Usually it is the "prime contractor," and in other cases the owner, who is liable in case of a violation of the regulations.

The lender's concern is simply that of a prudent businessman. If he is making construction advances he should obtain assurance from the builder that the required materials are either in hand or definitely allocated to him, and might, indeed, consider financing such advance purchase as a precautionary measure.

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*Everything is subject to gravity except the tax rate.*

We wonder about these professional women's clubs. We never met an amateur.

*A smart woman is one who knows when and how to play dumb.*

The first rule of public speaking is to keep one's mouth shut when he has nothing to say.

*Wealth is something which is wrong if the other person has it.*

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# Make Your Forum Fit the Community

*This is the story of one bank's success in meeting the special problems incident to conducting a women's finance forum in an industrial city. The author, Miss DOROTHY WILLIAMS, for many years an investment counselor in a large New York bank, is now a public relations consultant.*

THE request from the First Bank and Trust Company that I run a women's finance forum in Perth Amboy, New Jersey, presented a greater challenge than I first realized. In this industrial city of 50,000, center of the world's largest copper smelting and refining area, 90 percent of the population is of foreign extraction, principally Poles, Hungarians, Ukrainians and Slovaks with some Danes and Norwegians.

James C. Wilson, the bank's president, and William C. Horley, vice-president, wanted a three-session forum, but before making any plans I was anxious to consult some of

the women in town. We arranged a luncheon at which the leaders of the Hungarian and Polish groups were among the guests. These women became interested, but their enthusiasm was tempered with the warning that Perth Amboy is a totally unpredictable town. While the program would offer an unusual opportunity, they felt it would succeed only if properly presented.

It developed that we must not use the word "forum," which sounds too formidable, and such terms as "finance" and "inflation" should also be avoided. They urged me to speak on investments, but under a more generally appealing title. Everything must be presented in simple, every-day language.

After careful consideration we decided that the bank would sponsor "a series of three meetings on Women and Money." For my own subject at the opening session I chose "Your Money." Mrs. Nancye B. Staub, assistant secretary and

assistant trust officer of the Morris-town Trust Company, agreed to cover "Wills, Trusts and Taxes" at the second meeting. Dr. Marcus Nadler, professor of banking and finance at New York University, would speak on "The Future for Our Money" at the third.

The local press offers a rather unusual approach to the women of the community, for in addition to the daily Perth Amboy *Evening News* there are two Hungarian and one Polish weeklies. Our plans for advertising and publicity were discussed with the editor of each paper and all were interested in the program. The Polish editor felt that our material should appear on the paper's English page but the Hungarian weeklies would use only their native tongue. I had wondered how much of a problem language might be and learned that English is generally understood, so our series could be successful if both the written and spoken words were limited to simple terms.

The program was launched at a tea for the presidents of the women's organizations. I explained the program, and gave out formal announcements and registration cards for distribution to the memberships. The next day a story of the tea and the coming series appeared in the *Evening News* with a quarter-page advertisement. Each foreign paper also used the material.

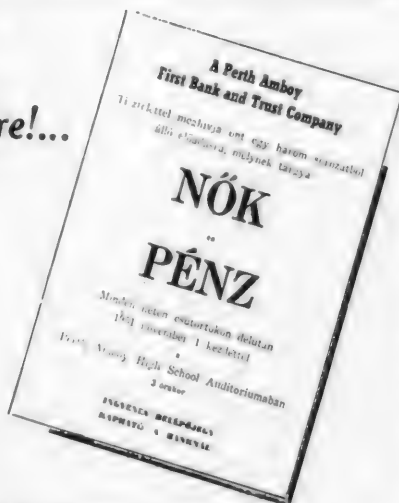
A reminder ad as well as a write-up and picture of the speaker preceded each session and the meetings were given good coverage by the papers. Our audiences were most interesting, attendance averaging about 300. Many thoughtful questions were asked each speaker.

Everyone agrees that the turnout was most extraordinary for Perth Amboy.

Money speaks a universal language. Untold benefits can be reaped from presenting such information to women, if each program is carefully geared to the group approached.

DOROTHY WILLIAMS

Csak  
Nők  
Részére!...



This Hungarian newspaper ad, headed "For Women Only," is the bank's invitation to attend the "Women and Money" forum in the high school auditorium. The questions at the bottom include "Do money matters interest you?" "Will you have funds for your children's education?" "What does it mean to buy a share of stock?" Information about these subjects will be provided at the forum. "Get your ticket at the bank now. There is no charge..."



# Is This Will Necessary?

EARL S. MacNEILL

**I**n the June 1951 instalment of "The Family Dollar" this question was asked; it was repeated, in substantially the same form, in November:

"Would there be any advantage in my having a will? I am a widow, and my son is my sole heir. My estate, about \$15,000, would go to him anyway."

The replies—written by acknowledged experts—agreed: Yes, a will was advisable.

The first was brief: Without a will it would be necessary for the court to appoint an administrator, who would be required to put up a bond. "A will is the simplest, least expensive and most satisfactory way of passing property on to others after death. There is no satisfactory substitute for a will."

The second considered two alternatives: If the son is a minor, then the will would not merely name an executor but could name a trustee (in place of a court-appointed guardian) to manage the estate until the son came of age. If the son is of age, but engaged in some business or profession, and with little or no experience in estate matters, he might be saved trouble and expense by having some one else (presumably a trust institution) appointed as executor. Even if he were named as executor, the cost of an administrator's bond would be saved.

## One Question Should Lead to Another

I dare to quarrel with these conclusions because the writers are good friends, who will take no offense.

My quarrel is that *no questions were asked*. The known facts are so starkly meagre that the quick advice that a will should be made implies the conviction that a will is best in *all* cases where a person owns property, regardless of circumstances. But let us suppose that, in Yankee fashion, counter-questions had been asked which revealed that:

The widow is aged 70; her son is 45 and a responsible business man; her estate consists of her home, its contents, and a few hundred dollars in a checking account. Her income comes from annuities that cease on her death.

Assume that this widow does nothing in the way of a will or other arrangements. On her death, the real estate will pass to the son by operation of law; and he will not have to give a bond as to this, for the bond applies only to personal property. He will take possession of the things in the house; as for the checking account, there are, in many states, statutory provisions for the simple transference of small bank accounts. If a bond should be required, it would be in nominal amount; possibly the son could give a personal bond, eliminating the surety company's premium. Perhaps a proceeding would be necessary to get state inheritance tax clearance on the real estate, but this

should be no more or less expensive whether the son conducted as executor, administrator or heir.

## Inexpensive Substitutes for Wills

Try a variation. Suppose the widow lives with the son; she has not merely shelter, but food, clothes and incidentals from him. However, she has \$15,000 in savings accounts; having it gives her a sense of independence and the income provides her with spending money. What is simpler, or more economical, than for her to set up "Totten trusts"—that is, bank accounts "in trust for" her son; but keeping the bank books in her own possession? In most jurisdictions she can have, by such a device, every desired control over the funds as long as she lives; but on her death they will pass automatically to the son.

Perhaps the \$15,000 is in U. S. Savings Bonds. Here we have the device of "Payable on death to . . ."—simplicity itself. There is the further possibility that the widow might have had all or most of her property in joint ownership with her son. This is probably the most commonly used device of all for passing property without a will, and it has merits that we people in trust business are too prone (I think) to ignore or deny. Here we would be on sound ground if we pointed out the possibility that her son might be the first to die, whereon she might be put to some cost and inconvenience in connection with getting a tax clearance. (However, if she had no intent to sell the property she might not bother with the clearance.) And there is always the possibility of a low cost base which joint tenancy would pass on to the survivor—again important only if the property were sold. But having pointed out these possibilities, can we not concede that, if the normal order of mortality prevailed, the son might appreciate the convenience and low cost, if any, involved in continuing as survivor of two co-owners?

My point in taking issue with the earlier answers to the widow-with-one-son-and-\$15,000 is this:

By over-insistence on the will to the exclusion of other vehicles for the passing of property on death, aren't we putting ourselves too obviously in the role of salesmen pushing a single all-purpose product—whereas we should be impartial advisers? Isn't it better salesmanship, in the long run, to concede the usefulness and practicality of the "competitive" vehicles when properly used, *under competent legal advice*, while warning sternly against their use where they do not fit?

To do otherwise is to put ourselves in the place of the boy who cried, "Wolf! Wolf!" Everybody knows somebody who has died leaving a small estate economically by a method we taboo. We have claimed too much—have oversold; and the penalty can be that we will not be believed when there really is a wolf!



# Better Bank Public Relations BY MAIL

WILLIAM H. BUTTERFIELD

Mr. BUTTERFIELD, a frequent contributor to *BANKING* for several years, is a widely known authority on the subject of business letter writing. This article is the second in his current series on the possible contribution of bank letters to improved public relations.

LET's begin this month's analysis of bank letters with a couple of specimens from the "horrible examples" department:

It was a pleasure to see your name on the list of new customers who have recently opened savings accounts at this bank.

We are sending the enclosed booklet to a sizable group of our customers, and your name is included in this list.

These sentences appear in letters used recently by bank officers in an effort to build better customer relations. They illustrate the common fault of writing to a mailing list instead of a human being. This weakness can be corrected easily if the writer will visualize a single person instead of a group, and then formulate his message for this one individual.

The "mailing list" tone makes a letter seem no more personal than a printed circular. It kills reader interest; sometimes it also arouses resentment. The

During its first two months as a regular department of *BANKING*, *Better Bank Public Relations by Mail* has presented outstanding letters representing banks in Indiana, Illinois, Tennessee, Missouri, and Colorado. In future issues this coverage of effective bank correspondence will be expanded to include all sections of the United States.

Your participation in this exchange of successful bank letters will make it increasingly valuable in the months ahead. If you have a letter that has produced good results for your organization, won't you send it to the Editor with any comments you may care to make? The material will be passed on to Mr. Butterfield for analysis in a future issue of *BANKING*.

personal tone, on the other hand, makes the message sound "tailor-made" for each recipient. It gets the reader's attention and holds his interest by making him feel that the letter was intended for him.

Now let's go back to the two examples that appear at the top of this column. Instead of telling the reader that he is merely a name on a mailing list, why not write to him as an individual? The following revisions personalize the relationship with each customer:

It is a pleasure to welcome you to the Security National and to thank you for opening your savings account at this bank.

We are sending you the enclosed booklet with the hope that you will find it informative and helpful.

As Don Ross points out in *Advertising & Selling*, "Our sense of personal importance resents a mailing piece that ranks us as 'one of two billion other people.' How much more complimentary is the mailing piece that says, 'You, Mr. Jones, are the one person in all the world I'm interested in right now.'"

THE following letter is proving an effective business builder for the Union National Bank, Kansas City, Missouri. It is used by C. N. Hughes, assistant vice-president, as part of his program of new-account promotion:

Dear Mr. Davis:

There are occasions when a new or additional banking connection may be desirable, for which reason we offer you the services of our well equipped and modern bank.

Union National places at your disposal every banking facility, including checking accounts (regular or special), savings accounts, loans (large or small), travelers' checks, trust and safe deposit departments. If you are unable to come to the bank during regular banking hours, "bank-by-mail" envelopes are offered for your convenience.

It is our sincere endeavor to personalize our service, and we know you will find ours a friendly, considerate bank where you will always be welcome. It makes no difference whether your patronage is large or small.

The next time you are in our neighborhood, do come in and let us discuss with you the many services that Union National offers for your convenience.

Cordially yours,

(CONTINUED ON PAGE 137)



Bank officers, directors, and county agricultural agents take keen interest in the showing of the prize winners at the Dixie Classic Livestock Exposition in Winston-Salem, a feature of Wachovia Bank and Trust Company's one-day agricultural conference

## News for Country Bankers

### Synthetic Soil Conditioner May Revolutionize Agriculture

A SYNTHETIC chemical that converts nonproductive into productive soil in a matter of hours instead of the years or generations required by present methods was demonstrated in Philadelphia recently before the annual meeting of the American Association for the Advancement of Science.

In a report carried in *The New York Times*, William L. Lawrence said that "the chemical, named Krilium, is not a fertilizer. It is a soil-conditioner that quickly restores the physical structure of the soil to the proper consistency, thus enabling plants to obtain the optimum amounts of oxygen, water, and nutrients from the soil."

This synthetic chemical, said Mr. Lawrence, has been found so far to be resistant to decomposition by bacteria. "This means," he said, "that a soil, once restored to its proper consistency, may remain in that condition for a long period.

Tests by Monsanto Chemical Company, the developer of this chemical, and approximately 80 soil scientists in various sections of the United States, indicate that the new chemical—the first synthetic soil-conditioner—will mark the beginning of a revolutionary era in agriculture.

Dr. C. A. Hochwalt, vice-president of Monsanto in charge of research and development, states, according to the *Times* story, that "in addition to serving as a highly effective soil-conditioner, Krilium is also an effective and economical agent in control of rain erosion problems."

Krilium is still in the development stage and will not be on the market in substantial quantities before 1953.

### Agricultural Conference for Correspondents, Others

THE recent one-day agricultural conference of the Wachovia Bank and Trust Company in Winston-Salem, North Carolina, drew an attendance of 150 correspondent bank-

ers, directors, and farm leaders of northwestern North Carolina.

Speakers on the morning program were Dr. J. H. Hilton, dean, School of Agriculture, North Carolina State College, Raleigh, and Giles H. Miller, Jr., president, Culpeper National Bank, Culpeper, Virginia.

In the afternoon, the group was given a special showing at the new Winston-Salem fairgrounds of the prize winners of the Dixie Classic Livestock Exposition, which attracted entrants from top herds throughout the Southeast. Wachovia was the donor of the trophy for the best female Gurnsey.

The conference program was concluded with a barbecue dinner.

### A.B.A. Is Conducting 11th National Survey of Lending

WITH the nation's banks putting increased emphasis on their responsibility of helping to keep the economy sound, the A.B.A.'s Agricultural Commission has undertaken its eleventh national survey of bank



lending to agriculture. The Commission mailed last month a questionnaire on farm lending operations during 1951 to every country bank in the United States.

The questionnaire requests the banks to furnish the total dollar amounts and total number of loans made during 1951 as well as outstandings as of December 31 on two types of loans: (1) real estate mortgage loans secured by farm land; and (2) loans made to finance production. After the survey has been completed, the Commission will release figures for each state individually and the nation as a whole.

W. W. Campbell, president of the National Bank of Eastern Arkansas, Forrest City, is chairman of the Commission.

### 4-H Advisors Banqueted

TWO HUNDRED Tuscarawas County, Ohio, 4-H Club advisors were guests of the National Bank of Dover at a banquet to honor them for direction of 116 clubs this past year. The total 4-H enrolment for the year was 1,901, making Tuscarawas County tops in the state.

Prominent leaders in youth activities were guest speakers. Ray Adkins, president of the National Bank of Dover, presided.

### Keep Green Banner Over Alabama

THE "Keep Green" banner was hoisted over Alabama at a statewide forest fire prevention rally in Montgomery.

Sam Morgan, president of the Opelika National Bank and chairman of the forestry committee of the Alabama Bankers Association, is a member of the executive committee sponsoring this program.

### Scholarships for Hoosiers

TWO scholarships in agriculture will be made available each year to Putnam County, Indiana, boys by the First-Citizens Bank and Trust Company of Greencastle. These scholarships will enable young farmers to get specialized training after they have completed their public school education.

The awardees may attend the winter courses at Purdue University or the scholarship funds may be applied toward the full college course in agriculture.

In announcing the awards, Presi-

★  
Maine banker group in the Pathology Building watching Dr. Whitter diagnose chicken diseases  
★



dent J. B. Crosby said that the bank believes that by selecting two Putnam young men each year to take this schooling the corps of trained farmers can be built up and that many valuable ideas and farm improvements can be brought back to the community.

### 100 Steers to Calf Clubbers

AS sponsors of a calf club for 4-H members in Brown and Highland counties, Ohio, The First National Bank of Sardinia has distributed approximately 100 steers. The steers will be exhibited and auctioned at the county fair next fall.

According to President M. S. Rosselott, the First National makes loans to 4-H'ers at a low rate of interest.

### Maine Management Conference

A THREE-STOP tour of the campus of the College of Agriculture, University of Maine, was one of the leading attractions of the second farm management conference of the Maine Bankers Association at Orono. The tour included visits to the dairy barns, the agricultural engineering research and teaching facilities, and the animal pathology building where research, teaching, and service work

is being done on animal and poultry diseases. Another feature of the program was a 4-H Club judging exhibition at the livestock pavilion.

The program also included an illustrated talk on "Green Pastures"; and addresses on "Artificial Insemination"; "Farm Forestry"; "New Dollars With the Little Red Hen"; and a farmer-banker relations address by a Maine Congressman.

At the annual 4-H achievement banquet at the University the association will present a \$25 Defense Bond to each of five 4-H girls. These awards supplement the MBA's purebred calf program for 4-H boys.

C. F. Clement, cashier, The First National Bank of Belfast, is chairman of the agricultural committee.

### Another Cartoon Booklet

THE sixth cartoon booklet in a series has been published by The Canadian Bank of Commerce, Toronto. This booklet is entitled "An Eye to the Future—Farm Business Management," and like others in the series is designed for distribution to farm customers through the bank's branches which stretch from coast to coast.

The booklet tells the story of sound farm management by supplementing the easy-to-read text material with a generous number of rustic cartoons.

### Advertising Editorials

AS a stimulus to its agriculture diversification program, The Peoples Bank of Roxboro, North Carolina, ran a series of illustrated newspaper advertisements during 1951 in which it editorialized on the advantages of certain agricultural products and practices, including "The Magic Weed," "Milk," "Green Pastures," and "Artificial Breeding."

A cartoon from the Canadian Bank of Commerce's new farm booklet

IF LOW IN, FOR EXAMPLE—SOIL FERTILITY



GROW THE RIGHT CROPS  
FOR YOUR TYPE OF LAND

## Booklet Announces Ag Department

"For a Better World . . . Better Agriculture" is the title of a brief outline of the purposes and policies of the agricultural department of The First National Bank of Wichita Falls, Texas.

This booklet was published at the time J. C. Porter was appointed managing director of the agricultural department.

This release includes data on soil conservation, outlines the purpose and policy of the new department, and suggests procedure for working with the bank's area correspondents.

Mr. Porter majored in vocational agriculture and agronomy at Texas A & M College and for the past several years was district conservationist with the SCS.

In answer to the question by Mr. Porter, "What can bankers do to help soil conservation districts?" Louis P. Merrill, writing in the December 1951 issue of *Soil Conservation*, lists 25 pointed suggestions of things banks can do.

## Educational Reserves Program

THE New York State Bankers Association's agricultural committee has initiated a statewide educational campaign to encourage high school students to build farm financial reserves.

Approximately 3,000 Future Farmers of America members attending classes in 300 vocational agricultural departments of the Empire State's high schools are participating in the program.

"The course in Farm Financial Reserve," said the *New York State Banker*, "has been approved and

recommended by the Bureau of Agricultural Education of the State Education Department and is co-sponsored by the agricultural section of the Treasury's Saving Bond Division. Recognition and importance attached to the program is indicated by tentative plans calling for the state's Regents examinations to include questions covering the course of study."

The three goals of the program are: (a) Creating an awareness of the need for farm financial reserves; (b) informing students on the various types of awards; and (c) getting a limited personal savings program started.

The course calls for an evaluation of the different forms of financial reserves, including real estate and mortgages, thrift and checking accounts, savings bonds, livestock, farm machinery, promissory notes, and the like. A special evaluation chart has been prepared for this purpose and is being distributed to the students by the association.

## Study of Florida's Forestry Program

START of a comprehensive study of Florida's state forestry program has been announced by X. L. Peltier, chairman of the forestry committee of the Florida Bankers Association and vice-president St. Augustine National Bank. Jointly sponsoring the study with the Florida Bankers Association is the Charles Lathrop Pack Forestry Foundation, Washington, D. C.

The study will be made by C. F. Evans, consulting forester of Atlanta, who, for over 20 years, was in charge of state and private fores-

try cooperation for the U. S. Forest Service in the 11 southeastern states. An advisory board of three members will aid Mr. Evans, including George G. Ware, Leesburg banker and forestry chairman for the American Bankers Association; R. S. Kellogg of Bradenton, who has over 50 years' forestry experience throughout the country; and Captain I. F. Eldridge, New Orleans consulting forester, who has many years' experience in the South.

The three-point study will consider the needs of an adequate state forestry program, methods of financing it, and present policies of the Florida Board of Forestry. It will also include review of the operating procedures of the Florida Forest Service.

## Arresting Ad Challenge

"BE Boss of your Farm in '52" is the arresting challenge of the Bank of Montreal in a three-column newspaper advertisement, illustrated with a jumbo illustration of a farmer, inviting farmers to ask for the B of M's *Farm Account Book* and to let the bank finance their improvement programs.

## Booklet on Ag Program

THE 1951-52 program of the agricultural committee of the South Carolina Bankers Association has been published in a small booklet, which includes the membership of the committee and of its subdivisions. The purpose of the booklet, as stated in the preface, is "to put before you (the banks) the aims of your committee on agriculture and to solicit your sympathetic cooperation in the years ahead."

The committee's program is presented in outline form under the four subcommittees, as follows: Seven points under conservation; seven points under livestock; five points under youth activities; and seven points under forestry.

## Alabama Adopts Scholarship Program

THE Georgia Bankers Association has joined with other state associations in providing, through its members, short courses in agriculture scholarships to worthy young farmers. Within the past three months two five-week short courses were offered by the Abraham Bald-

(CONTINUED ON PAGE 136)

In an effort to discover the sources of staphylococcal synovitis, Utah's most costly turkey disease, the agricultural committee of the Utah Bankers Association has given

a \$1,500 research grant to the Utah Agricultural Experiment Station. The presentation, left to right, Dr. R. H. Walker, station director, receiving check from Langton Barber, president, Lewiston State Bank and chairman of UBA's agricultural committee; and UBA's President Henry R. Hurren. Mr. Hurren is vice-president, Cache Valley Banking Co., Logan



# Loans to Grassland Farmers

M. M. KIMBREL

*The author is vice-president and cashier of the First National Bank of Thomson, Georgia. He has been closely associated with the grasslands program of Georgia's College of Agriculture and has lectured on the subject at the farm credit schools of North Carolina and Georgia.*

**"ALL** my life I have fought grass. But now I am planting it—and fertilizing it!" That's a familiar statement today. A few years ago grass was more or less taken for granted. If a farmer wanted grass for a pasture, he waited for it to grow. Even those who planted grass seldom thought of fertilizing it or giving it any special care.

It is vastly different now. Farmers who never planted a grass or legume crop are now planting a major part of their farms to these crops. Livestock men who never thought of planting grass before are planting thousands of acres, and care for these crops just as diligently as they do their cotton, corn, tobacco or peanuts. They have become "grassland farmers."

## Meaning of Grassland Farming

What is meant by grassland farming? It simply means giving grasses, legumes, and other cover crops a more important place in the farming system. It means more and better pastures and grazing, and better livestock. It also means better-balanced and more profitable farming.

Grassland farming takes less labor than cultivated crops. The labor is usually distributed more evenly over the year, and in these times of farm labor shortage this is important. It has increased the incomes of nearly all farmers who have tried it; furthermore, it is usually a more interesting and enjoyable way of farming. But grasslands bring up new problems. More is involved than just planting grass on formerly cultivated land and watching it grow. It isn't always cheap or easy to

Conservationist Leonard P. Norris, left, and Mr. Kimbrel examine a growth of Kentucky 31 fescue and ladino clover which afford excellent winter grazing



change from straight row crop farming to grassland farming.

More grassland usually means more livestock. In some instances new machinery is needed. Usually, more fences are necessary. In fact, it almost always adds up to a new way of farming and often means a complete overhauling of the farm. In spite of these obstacles, however, the grassland movement gains new adherents regularly and rapidly. In most cases, the cost of clearing, seeding, and fertilizing this grassland is more than the original investment in the land. The initial cost is high, but the returns are high too.

## Revamp Farm Loan Program

Bankers need to appreciate fully and allow for this agricultural revolution. To keep pace with the thinking of more progressive farmers, it has been necessary to revamp much of our farm loan program. All too often a farmer cannot think through his proposition, and too many bankers do not know farming and farm problems; consequently, they become interested in quotas and allotments of various crops as a means whereby their loans can be repaid quickly.

The days of "furnish"\* when applied to credit are gone. Now a

\*Capital provided for living by local merchants and landlords until crops are harvested.

competent grassland farmer must be a competent businessman, and he must have a well-established line of credit. It costs more to start a farm, more to farm, and more to fail at farming than in the past. It is something of a challenge to the progressive banker today to recognize these features as he attempts to encourage the successful farmer.

## "Right Kind of Credit at Right Time . . ."

Grassland farmers need the right kind of credit at the right time and on the right terms. They need a loan beginning in the fall and lasting at least a year, instead of the annual spring loan. How can a farmer change over from row crops to pastures, to dairy cows and beef cattle, or carry on any soil building practices or grassland farming unless he starts in the fall?

Many loans will be needed for as long as five years, but these should have certain specific requirements. The farmer must have a definite program; he must know what he wants to do. Certain agricultural technicians, such as the soil conservationist, should approve his program. The farmer must have some knowledge of his program and livestock. And, of course, there must be a reasonable amount of underlying security.

We like to think a change in lending  
(CONTINUED ON PAGE 99)

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$\frac{1}{3}$  of the day isn't





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# Bank Reports Look Ahead

*In preparing their annual report for 1951 bankers gave serious thought to the great problems that confront the nation, business and banking — inflation, Government monetary and economic policy, trends, the Federal debt, taxes, and numerous others. Here are a few of their comments, taken from reports available at presstime.*

## INTEREST RATE RISE

C. Francis Cocke, president, The First National Exchange Bank of Roanoke, Virginia, and president, American Bankers Association

WHILE the necessity for defense spending cannot be questioned, it is apparent that expenditures for our armed forces and for our foreign aid programs have created a dangerously inflationary trend in our economy. Action to restrain these inflationary forces has been taken, in part, by the Federal Reserve Board and in part by the combined efforts of banks and other lending institutions.

In an effort to make less credit available for non-defense purposes, the Federal Reserve Board, after imposing restrictions on consumer and real estate credit in the latter part of 1950, raised the legal reserve requirements of all member banks in January 1951. Later in the year the Federal Reserve Board permitted the price of Government bonds to drop below par.

These actions, together with a strong demand for credit, brought about a rise in the general level of interest rates. As a result, the cost of money—the rate of interest—is at the highest level in the past 18 years. It is felt that this policy will have some restraining influence on the expanding supply of money.

## BANK TAXES

Winthrop W. Aldrich, chairman, and Percy J. Ebbott, president, The Chase National Bank of New York

THE commercial banks, which provide essential services at remark-

ably low cost to industry, governmental agencies, and the public, are handling a record volume of business. They have increased their loans substantially to meet the nation's needs in the expanding program of defense production. Many banks could use additional capital in order to maintain adequate ratios of capital strength to risk assets and deposits and to continue their vital job of supplying credit.

But Federal taxation—especially the excess profits tax—bears down so severely on bank earnings that bank stocks have been selling substantially below their book values. As a result, it is increasingly difficult to attract new capital in the highly competitive investment market, except by offering stock at a price substantially less than the fair values represented in the shareholders' equity. The large banks in the financial centers are near the bottom of the scale among all the nation's major industries in the average return earned on the capital the owners have at risk. Because of the abnormally low earnings obtainable under the present tax law, they cannot build up capital funds from earnings at an adequate rate and at the same time pay satisfactory dividends. . . .

Many of these large banks . . . are faced under the existing laws with a tax burden so heavy as to be almost confiscatory. These are the banks with the widest ownership of their shares by small investors; moreover, these are the banks which, by virtue of size and leadership, must be relied upon as the major source of credit in the nationwide industrial expansion for rearmament. . . .

In general, the present law restricts the net earnings of many large banks so drastically as to be discriminatory and basically unsound. The fact is that under the present excess profits tax law the maximum return permitted on all invested capital (as defined in the law) above \$10,000,000 is 3.84 percent before the excess profits tax applies.

Under the circumstances, Congress and the monetary authorities

should give prompt consideration to a thorough revision of tax legislation as it affects commercial banks. Much information about bank earnings will be obtained from the questionnaire sent to some 1,500 banks all over the United States in December by the Federal Reserve Board. The results of that survey should provide a comprehensive and reliable basis of study by Congressional committees in reviewing this problem and recommending specific amendments to the statutes. It is in our country's interest that its banks should maintain the capital strength and growth which will enable them to fulfill their responsibilities to the public as well as to their owners and employees.

## THINGS THAT NEED DOING

Walter S. McLucas, chairman, National Bank of Detroit

OUR confusion, our ineffectiveness, our mounting prices are all a result of our social and fiscal policies. We have been trying to run a capitalistic economy, but at the same time have adopted practices which are akin to socialism. We have given lip service to the one while we practiced the other. . . .

As to social policy, we must return to a condition of individual responsibility and local independence. This is an absolute prerequisite to progress toward a sound fiscal policy. . . .

We must first obtain a reduction in pressure by immediately starting to return local problems to local authorities, and we should then balance the Federal budget at a level well within the ability of our people to support after allowing for the cost of local government. At the same time, we should take prompt action to put an end to extravagance and unnecessary functions in government at every level. . . .

Action should be taken also to bring about a more realistic Federal tax program. A tax program which progressively liquidates group after group, moving downward from the top, is bound, in time, to liquidate every group.



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Interest rates have been gradually permitted to seek a competitive level in a freer money market. In keeping with this policy, we should inaugurate a program of funding a major portion of the present floating debt into long-term bonds at interest rates which are attractive to individual and institutional investors, outside the commercial banking system. Failure to do this may bear serious consequences to every citizen.

**GOVERNMENT SPENDING,  
MONETARY POLICY**

**William Gage Brady, Jr.**, chairman, **W. Randolph Burgess**, chairman of the executive committee, and **Howard C. Shepherd**, president, The National City Bank of New York

To increase the country's military strength and aid our allies indeed requires a large outlay. But we cannot wisely at the same time continue the huge present rate of non-defense spending. There is also competent opinion that by reducing waste and by some re-timing, the disruptive impact of the military program on the economy could be eased without real loss of effectiveness.

This country is so wealthy and so productive that the evil results of bad economic policies are often slow to be evident or become disastrous. Thus the danger from bad policies is all the more insidious. The longer these policies are continued, the worse will be the results and the more severe the readjustment when it comes.

The primary need is to bring Government spending within the Government's income. We believe this can be done and still support a powerful arms program.

The second need is an effective monetary policy. In the great depression interest rates fell to very low levels. These low rates were frozen in by the policy of war financing in World War II. While the Reserve System has gradually regained some of its freedom of action, its effectiveness and vigor are still impaired by too much consideration of the cost of Treasury financing. Recent experience in country after country abroad has shown again the value of a vigorous monetary policy, joined to fiscal policy, as a means of checking inflation.



## MEETING TAX ACCRUALS

William F. Kurtz, president, The Pennsylvania Company for Banking and Trusts, Philadelphia.

It seems only prudent to conduct one's business so as to prepare for these tax payments as they accrue and, so far as possible, avoid using tax accruals as working capital. Unless business generally follows this course there may well be some severe strains on the whole credit situation as taxes fall due.

With these considerations in mind, just how to get one's own cash position in order, if that be necessary, is a matter for the good judgment of each business—whether it be by reducing inventories or reducing forward purchase commitments, by regular purchase of tax anticipation notes, by borrowings, or by additional contributed capital . . .

This note is not intended as a "prophecy of gloom"; it is simply to point out that, whether we like it or not, taxes are a cash liability and a heavy drain on one's working capital position. Statistics seem to indicate that the cash working capital of American business is slowly but steadily declining, due not only to the impact of very high taxes but to such other factors as capital outlays for building and equipment, higher inventories and higher labor and material costs.

It behooves good management to keep this unpleasant tax situation in mind, and to prepare to meet it.

## TREASURY — FRs

William A. McDonnell, president, First National Bank in St. Louis

ONE of the most encouraging events in the financial world occurred in March [1951] when the Federal Reserve Board and the Treasury Department agreed to abandon a fixed low interest rate for money by discontinuing the support of long-term Government bonds at approximately par. This constituted the first sign of a possible return to financial and economic realities.

It is to be hoped that the Federal Reserve Board will hereafter be in a position to control its own operations, instead of being a helpless bystander carrying out the mandates of the Treasury Department. . . .

(CONTINUED ON PAGE 152)

# Bank of America

## NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition December 31, 1951

### RESOURCES

Cash in Vault and in Banks . . . . .	\$1,182,633,703.44
United States Government Obligations . . . . .	1,692,549,460.18
State, County, and Municipal Bonds . . . . .	421,386,501.11
Other Bonds and Securities . . . . .	325,574,683.40
Loans and Discounts . . . . .	3,632,685,349.60
Bank Premises, Fixtures, etc. . . . .	52,547,710.61
Customers' Liability on Letters of Credit, etc. . . . .	186,609,731.42
Accrued Interest and Other Resources . . . . .	37,309,787.41

**TOTAL RESOURCES . . . . . \$7,531,296,927.17**

### LIABILITIES

Capital . . . . .	\$150,000,000.00
Surplus . . . . .	175,000,000.00
Undivided Profits and Reserves . . . . .	87,385,858.36
<b>TOTAL CAPITAL FUNDS . . . . .</b>	<b>\$412,385,858.36</b>
Reserve for Possible Loan Losses . . . . .	46,608,383.91
<b>DEPOSITS</b> { Demand . . \$3,736,755,052.55 } . . . . .	<b>6,815,866,795.22</b>
{ Savings & Time . 3,079,111,742.67 }	
Liability for Letters of Credit, etc. . . . .	196,257,346.04
Reserve for Interest, Taxes, etc. . . . .	60,178,543.64

**TOTAL LIABILITIES . . . . . \$7,531,296,927.17**

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# Progress Report on Better Banking Legislation

*See Table, pages 70 and 71*

THE legislatures which met in 1951 enacted 38 more of the American Bankers Association's recommended "better banking" statutes and in so doing brought to a new high the percentage of all these acts now in force.

The latest annual Progress Report on Better Banking Legislation, issued by the Association's Committee on State Legislation and appearing on the next two pages, shows that out of a possible total of 1,734 enactments of 34 recommended statutes in 51 jurisdictions, 1,132, or 65 percent, are now on the books.

Three years ago, before the addition of Alaska and Hawaii to the chart, and before the Deferred Posting Statute had been drafted, the chart showed a possible total of 1,617 enactments of 33 statutes in 48 states and the District of Columbia, and only 994, or 61 percent, of these had been enacted.

One highlight of last year's enactments was the passage of the Deferred Posting Statute in four more states, bringing to 46 the number of states which have passed it since its introduction in 1949 as the newest A.B.A.-recommended measure, and making some form of deferred posting legislation effective in every state but Kentucky, where the legislature did not meet last year. Another was passage of the Uniform Federal Tax Lien Registration Act by New Hampshire, to make that act the fifth to be enacted in all 51 jurisdictions. Four more states passed the Fictitious Payee Act, which shifts from banks to their depositors the financial responsibility growing out of certain larcenous urgings of depositors' employees.

Idaho and Oregon, each with 30 enactments, now share the honor of having passed the most "better banking" statutes; last year Oregon had the honor to itself. The greatest improvement in the standings was

shown by Alaska, which, having previously enacted but seven of the measures, passed 13 more during 1951. This spurt also gave Alaska the honor for the greatest number of statutes passed in a state last year, and it exceeded Arizona's feat of enacting 11 measures during 1948. Colorado holds undisputed position of last place, with only 15 measures enacted.

SOME of the 1951 amendments of previously enacted recommended statutes are interesting. Texas, for example, amended its Check or Draft Without Funds Act to make it a misdemeanor for a person who is a complainant, informant, or witness in a bad check prosecution to request the public prosecutor to dismiss the case. South Dakota made its Deposit in Two Names Act applicable to deposits in two or more names.

Wisconsin amended its Uniform Fiduciaries Act to provide that where a bank rents a safe deposit box or maintains an account in the names of two or more fiduciaries, and any one or more of them is authorized by the others to enter the box or to draw checks, the bank is not bound to inquire whether that act constitutes a breach of trust and is not liable for any breach of trust unless the circumstances are such that the bank acts in bad faith.

Oregon added to its Uniform Trust Receipts Act the so-called "chattel mortgage clause," a third definition of a trust receipt transaction, covering transactions whereby an entrustor gives new value in reliance upon the transfer by the trustee of a security interest in goods or documents, whether or not they are owned or possessed by the trustee prior or subsequent to execution of the trust receipt and whether or not they are thereafter retained by him.

J. R. VINCENS

# PROGRESS REPORT ON

Prepared by Committee on State Legislation of American Bankers

	N.I.L.	Sales	Warehouse Receipts	Bank Slander	Bank Notary	False Statements	Bills of Lading	Stock Transfer	Deposits in Trust	Forged Check	Bank Burglary	Nonpayment in Error	Deposits in Two Names	Forwarding Check Direct	Sat. P.M. Transactions	Check Without Funds	Fiduciaries	Adverse Claim	Stop Payment	Fed. Judgment Lien	State Check
Ala.....	★	★	★	★		★	★	★	★	★	★	★	★	★		★	★	★	★	★	★
Alaska.....	★	★	★	★				★	★	★		★	★	★		★		★	★	★	★
Ariz.....	★	★	★	★	★		★	★	★	★	★	★	★	★	★	★		★	★	★	★
Ark.....	★	★	★	★		★	★	★	★	★	★	★	★	★		★		★	★	★	★
Cal.....	★	★	★	★		★	★	★	★	★	★	★	★	★		★		★	★	★	★
Col.....	★	★	★	★				★	★	★	★	★	★	★		★	★		★	★	★
Conn.....	★	★	★	★		★	★	★	★	★	★	★	★	★		★			★	★	★
Del.....	★	★	★	★			★	★	★	★	★	★	★	★	★	★			★	★	★
D. C.....	★	★	★	★	★		★	★	★	★	★	★	★	★		★		★	★	★	★
Fla.....	★		★	★		★		★	★	★			★	★		★		★	★	★	★
Ga.....	★		★	★				★	★	★			★	★		★			★	★	★
Hawaii.....	★	★	★	★	★			★	★	★	★	★	★	★	★	★	★	★	★	★	★
Idaho.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Ill.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Ind.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★		★	★	★	★
Iowa.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★		★	★	★	★
Kan.....	★		★	★	★			★	★	★	★	★	★	★		★		★	★	★	★
Ky.....	★	★	★	★	★	★		★	★	★	★	★	★	★		★		★	★	★	★
La.....	★		★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Maine.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★	★	★	★
Md.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Mass.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Mich.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★	★	★	★
Minn.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★	★		★	★	★
Miss.....	★		★		★			★	★	★	★	★	★	★		★		★	★	★	★
Mo.....	★		★	★		★	★	★	★	★	★	★	★	★	★	★		★	★	★	★
Mont.....	★		★		★	★		★	★	★	★	★	★	★	★	★		★	★	★	★
Neb.....	★	★	★	★		★		★	★	★	★	★	★	★		★		★	★	★	★
Nev.....	★	★	★		★	★	★	★	★	★	★	★	★	★		★	★		★	★	★
N. H.....	★	★	★	★		★	★	★	★	★	★	★	★	★		★	★		★	★	★
N. J.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
N. M.....	★		★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
N. Y.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
N. C.....	★		★	★	★	★	★	★	★	★	★	★	★	★		★	★		★	★	★
N. D.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★			★	★	★
Ohio.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★	★		★	★	★
Okla.....	★		★	★	★	★		★	★	★	★	★	★	★		★		★	★	★	★
Ore.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★	★	★	★
Pa.....	★	★	★	★		★	★	★	★	★	★	★		★	★	★	★	★	★	★	★
R. I.....	★	★	★	★		★	★	★	★	★			★	★	★	★		★	★	★	★
S. C.....	★		★	★	★		★	★	★	★	★	★	★	★	★	★			★	★	★
S. D.....	★	★	★		★			★	★	★	★		★	★	★	★	★	★	★	★	★
Tenn.....	★	★	★			★		★	★		★	★	★	★	★	★		★	★	★	★
Texas.....	★		★	★		★		★	★	★	★		★	★	★	★		★	★	★	★
Utah.....	★	★	★	★	★	★		★	★	★	★		★	★	★	★	★	★	★	★	★
Vt.....	★	★	★		★	★	★	★	★				★	★	★	★			★	★	★
Va.....	★		★	★		★		★	★	★		★	★	★	★	★			★	★	★
Wash.....	★	★	★	★	★	★	★	★	★	★		★	★	★	★	★			★	★	★
W. Va.....	★		★	★	★	★		★	★	★		★	★	★	★	★		★	★	★	★
Wis.....	★	★	★	★	★	★	★	★	★	★	★	★	★	★		★	★		★	★	★
Wyo.....	★	★	★	★	★	★		★	★	★	★	★	★	★		★	★		★	★	★
Total.....	51	37	51	43	31	40	32	51	39	40	38	26	48	38	22	51	21	27	40	45	31

This chart indicates titles of acts. Official designations of the acts are shown in the accompanying thumbnail sketches.

★ means acts passed in recommended or modified form.

⊙ indicates measures enacted in 1951.



## BETTER BANKING LEGISLATION

Association to show status of A.B.A.-recommended state laws.

State Check

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	Principal and Income	Bank Robbery	Arbitration	Interim Certificates	Fed. Tax Lien	Statements of Account	Collection Code	Fictitious Payee	Double Liability	Trust Receipts	Holiday Transactions	Nonmember Reserves	Deferred Posting	Total number of acts passed as of Dec. 31, 1951	Percentage of acts passed
Ala.....	★				★	★		★	★	★	★			26	77%
Alaska.....					★	★	★			★			★	20	59%
Ariz.....			★		★	★		★		★	★	★	★	26	77%
Ark.....					★			★	★			★	★	20	59%
Cal.....	★		★		★			★	★	★		★	★	26	77%
Col.....					★				★				★	15	44%
Conn.....	★		★		★	★			★	★		★	★	22	65%
Del.....					★				★	★		★	★	18	53%
D. C.....					★				★			★	★	21	62%
Fla.....	★	★			★	★			★	★	★		★	20	59%
Ga.....					★			★	★				★	17	50%
Hawaii.....		★	★		★		★		★	★			★	25	74%
Idaho.....		★			★	★	★	★	★	★	★		★	30	88%
Ill.....	★	★			★			★		★	★		★	24	71%
Ind.....		★			★	★	★		★		★	★	★	25	74%
Iowa.....		★			★				★		★		★	20	59%
Kan.....	★	★			★				★	★			★	19	56%
Ky.....		★			★		★					★		17	50%
La.....	★				★	★		★	★	★			★	26	77%
Maine.....			★		★	★			★	★		★	★	24	71%
Md.....	★				★		★		★	★			★	26	77%
Mass.....		★	★		★			★	★	★			★	21	62%
Mich.....		★	★		★		★		★			★	★	26	77%
Minn.....		★			★				★			★	★	19	56%
Miss.....		★			★				★	★			★	17	50%
Mo.....		★			★		★	★	★	★			★	24	71%
Mont.....					★	★		★	★	★	★		★	19	56%
Neb.....		★			★		★		★	★			★	19	56%
Nev.....		★			★				★	★		★	★	23	68%
N. H.....			★		★	★			★	★		★	★	17	50%
N. J.....		★	★		★	★	★	★	★	★		★	★	29	85%
N. M.....		★			★	★	★	★	★	★			★	28	82%
N. Y.....			★	★	★	★	★		★	★		★	★	23	68%
N. C.....	★	★			★	★		★	★	★	★		★	24	71%
N. D.....		★			★				★	★	★	★	★	21	62%
Ohio.....			★		★				★	★	★	★	★	23	68%
Okla.....	★	★			★	★	★		★	★	★		★	23	68%
Ore.....	★	★	★		★		★	★	★	★	★	★	★	30	88%
Pa.....	★	★	★	★	★	★	★		★	★		★	★	29	85%
R. I.....			★		★				★	★			★	16	47%
S. C.....					★		★		★	★			★	18	53%
S. D.....		★			★				★	★			★	19	56%
Tenn.....		★			★				★	★	★	★	★	18	53%
Texas.....	★	★			★	★	★		★	★	★		★	22	65%
Utah.....	★			★	★	★			★	★		★	★	25	74%
Vt.....					★				★			★	★	18	53%
Va.....	★	★			★				★	★			★	20	59%
Wash.....			★		★		★		★	★			★	22	65%
W. Va.....		★			★		★	★	★	★			★	22	65%
Wis.....		★	★		★	★	★	★	★	★			★	27	79%
Wyo.....		★			★		★	★	★	★			★	23	68%
Total.....	16	29	16	3	51	17	21	16	47	31	15	23	46		

## STATES IN ORDER OF NUMBER OF STATUTES ENACTED

Total Acts Passed Percentage

Idaho.....	30	88%
Ore.....	30	88%
N. J.....	29	85%
Pa.....	29	85%
N. M.....	28	82%
Wis.....	27	79%
Ala.....	26	77%
Ariz.....	26	77%
Cal.....	26	77%
La.....	26	77%
Md.....	26	77%
Mich.....	26	77%
Ind.....	25	74%
Hawaii.....	25	74%
Utah.....	25	74%
Ill.....	24	71%
Me.....	24	71%
Mo.....	24	71%
N. C.....	24	71%
Nev.....	23	68%
N. Y.....	23	68%
Ohio.....	23	68%
Okla.....	23	68%
Wyo.....	23	68%
Conn.....	22	65%
Texas.....	22	65%
Wash.....	22	65%
W. Va.....	22	65%
D. C.....	21	62%
Mass.....	21	62%
N. D.....	21	62%
Alaska.....	20	59%
Ark.....	20	59%
Fla.....	20	59%
Iowa.....	20	59%
Va.....	20	59%
Kan.....	19	56%
Minn.....	19	56%
Mont.....	19	56%
Neb.....	19	56%
S. D.....	19	56%
Del.....	18	53%
S. C.....	18	53%
Tenn.....	18	53%
Vt.....	18	53%
Ga.....	17	50%
Ky.....	17	50%
Miss.....	17	50%
N. H.....	17	50%
R. I.....	16	47%
Colo.....	15	44%

## SCORE — TO DECEMBER 31, 1951

Total possible enactments of 34 acts in 51 states.....	1,734
Total enactments.....	1,132
Percentage enacted.....	65

# THUMBNAIL SKETCHES SHOWING HIGHLIGHTS OF A.B.A.-RECOMMENDED STATE LAWS

- Acts designated "Uniform" are recommended by the National Conference of Commissioners on Uniform State Laws. The date following the name of a recommended statute indicates the year in which it was drafted. Where District of Columbia, Alaska and Hawaii are considered states.
1. Negotiable Instruments Act (1896) This act is so well known, comment is unnecessary. Passed in 51 states.
  2. Uniform Sales Act (1906) Establishes uniformity of usages and customs in trading throughout the United States, so that, where any buying and selling is engaged in, the parties may know their rights and liabilities, no matter where the contract is made, and freedom of exchange and certainty in dealing and flexibility in all matters pertaining to buying and selling. Passed in 37 states.
  3. Uniform Warehouse Receipts Act (1906) Makes warehouse receipts fully negotiable. Designates by name goods and chattels to be deposited in order that a receipt therefor may be given. Passed in 51 states. Recommended amendments passed in 19 states.
  4. Slander and Libel of Bank Act (1907) Provides for effective protection of banks against those persons who maliciously circulate rumors tending to create a lack of confidence in the public mind in the soundness of the bank. Punishes the making of derogatory statements either oral or written. Passed in 45 states.
  5. Competency of Bank and Corporation Notaries Act. (1908) Clarifies the status of a notary who is a stockholder, director, officer or employee of the bank, who takes acknowledgments and makes protest of bank's paper. The majority of courts hold that such notary is disqualified because of his proprietary interest. Passed in 31 states.
  6. False Statements for Credit Act (1909) Covers all cases of making false written statements directly to the bank or indirectly, as where made to a mercantile agency. Punishes the person who falsely represents either orally or in writing that a previous written statement is true. Passed in 40 states.
  7. Uniform Bills of Lading Act (1909) Makes bills of lading fully negotiable. Provides uniformity in conflicting laws in the various states relating to bills of lading and legalizes, in statutory form, certain customs which have grown out of the enormous commercial and financial dealings with order bills of lading as instruments of credit. Passed in 32 states.
  8. Uniform Stock Transfer Act (1909) Provides for full negotiability of certificates of stock affording protection to banks as bona fide pledgees. Passed in 51 states.
  9. Deposits in Trust Act (1910) Protects the bank in paying a deposit to the beneficiary upon the death of the trustee. Passed in 39 states.
  10. Payment of Forged or Raised Check Act (1910) Protects bank against depositor's undue delay in reporting forgeries. After expiration of the short statute of limitations (6 months) depositor is barred from recovery from the bank. Passed in 40 states.
  11. Burglary With Explosives Act (1913) Defines crime and provides such a severe penalty that existence of the law in any state should act as a deterrent against the commission of the crime. Sentence is from 25 to 40 years. Passed in 38 states.
  12. Nonpayment of Check Through Error Act (1914) This statute corrects the unjust rule of the courts that where the drawer is a merchant, the bank is liable for substantial damages without proof of actual damage or malice. Passed in 26 states.
  13. Deposits in Two Names Act (1915) Clears up legal doubt concerning the authority of a bank to pay the survivor upon death of joint depositor. Passed in 48 states.
  14. Forwarding Check Direct to Payor Act (1916) Legalizes modern banking custom of forwarding items direct to the drawer bank. Passed in 38 states.
  15. Saturday Afternoon Bank Transactions Act (1917) Authorizes Saturday afternoon bank transactions affording bank protection paying, certifying and accepting checks or other negotiable instruments on Saturday afternoon. Passed in 22 states.
  16. Check or Draft Without Funds Act (1919) Provides that the drawer of a bad check "shall be against the drawer be prima facie evidence and knowledge of insufficiency of funds or lack of credit or of intention to defraud." Shifts the burden on depositor to prove his innocence. Passed in 51 states.
  17. Uniform Fiduciaries Act (1919) Provides protection to banks handling in good faith checks in corporation and other fiduciary accounts where losses occur through misappropriation of funds by the officer or trustee empowered to sign or indorse. Passed in 21 states.
  18. Adverse Claim to Bank Deposit Act (1921) In case of an adverse claim some cases hold that the bank must hold deposit a sufficient time to afford the claimant opportunity to assert his claim at law. This statute protects bank against wrongful payment or wrongful dishonor by permitting bank to pay only on court order or require a bond of indemnity. Passed in 27 states.
  19. Time Limit on Stop Payment Act (1922) Provides that no stop order shall remain in effect for more than 6 months. Without this law an agreement to stop order continues indefinitely. Passed in 40 states.
  20. Lien of Federal Judgments: Filing and Recording Act (1923) When a judgment of a Federal district court becomes a lien, such lien extends throughout the entire territorial jurisdiction of the court. This act permits Federal judges to file with the clerk of the Federal district court judgments of the state courts. The object of the statute is to permit title search by resort to county records without requiring a search of records of a Federal district court, which may be located at a great distance from the real estate. Passed in 45 states.
  21. Payment of State Check Act (1923) Fixes a definite period of time (one year) after which a bank may at its option refuse to pay a check because of its age. Passed in 31 states.
  22. Uniform Principal and Income Act (1924) Sets forth convenient and workable rules of administration of estates, consistent with the wishes of most settlors upon the subjects treated. It follows the Massachusetts rule of awarding cash dividends on corporate stock to income and share dividends to principal. Passed in 15 states.
  23. Robbery With Dangerous Weapon Act (1925) Such robbery, commonly known as "holdup" is a more serious crime and more common than burglary. The act provides for a penalty. Sentence is imprisonment from 30 to 30 years. Passed in 29 states.
  24. State Arbitration Act (1925) Makes valid and enforceable written agreements for arbitration of disputes arising out of contracts. Covers agreements to arbitrate future controversies. Passed in 16 states.
  25. Negotiability of Interim Certificates Act (1926) Pending the issue of Government and corporate bonds, it is the custom of financial houses to issue interim certificates or interim receipts, entitling the bearer to the bonds when issued. This act makes these certificates, although not payable in money, negotiable. Passed in 3 states.
  26. Uniform Federal Tax Lien Registration Act (1926) Authorizes filing of notices of Federal tax liens in the offices of recorders and registrars of deeds. Permits title search by resort to records within the county where the real property is located. It permits the recording of Federal district court orders of sale of a Federal district court which may be located at a great distance from such property. Passed in 32 states.
  27. Final Adjustment of Statements of Account Act (1927) Sets 5 year time limit, after which depositor cannot question the correctness of an account. Banks can safely destroy old books and records relative to general deposit accounts and thereby save the cost of storage space. Passed in 17 states.
  28. Bank Collection Code (1929) Without protection of this Code, banks have to rely upon a properly worded disclaimer in their collection agreements appearing on signature cards or deposit tickets, which makes them agents to collect checks with no responsibility for loss in case of bank failure, provided due care has been exercised. The Code gives authority to forward direct and to take a bank draft in lieu of cash with right to charge back in case of default in payment. The depositor as owner of an item is given preference in the assets of a failed collecting or drawer bank—a protection which cannot be covered by agreement. Passed in 21 states.
  29. Fictitious Payee Act (1931) Makes the drawer of a check responsible for the act of his agent who unknown to him fraudulently supplies the name of a fictitious payee and negotiates check to an innocent purchaser. Such check is treated as a bearer instrument and all persons cashing or paying same are protected. Passed in 16 states.
  30. Repeal of Double Liability of State Bank Stockholders (1935) Recommends that double liability of state bank stockholders be eliminated by statute in those states where such liability exists, since the amended National Bank Act eliminates double liability of national bank stockholders. Passed in 47 states.
  31. Uniform Trust Receipts Act (1936) This act works to the interests of trust receipt financiers by freeing their transactions of unnecessary and perplexing formalities; by giving them a uniform and clear definition of their rights; by giving them adequate coverage without filing for an adequate temporary period; by giving them simple filing facilities in their financing extends beyond the temporary period; by simplifying their problem of proof in the event of the trustee's insolvency; and by making their foreclosure procedure clear and workable. Passed in 31 states.
  32. Holiday Bank Transactions Act (1938) Protects banks in paying, certifying and accepting checks or other negotiable instruments on a holiday. Passed in 15 states.
  33. Nonmember Bank Reserve Act (1942) Gives state supervisory authorities same degree of control over reserves of non-member banks as now exists in the case of members of the Federal Reserve System. Passed in 23 states.
  34. Deferred Posting Statute (1943) So that banks may use deferred posting, this act extends the period of time for which banks may retain the original items which credit for them has been given on the day of receipt. Passed in 46 states.

# Trust Legislation Enacted or Proposed in 1951

The summary on trust legislation that follows was prepared for BANKING by CHARLES E. ORCUTT, assistant secretary of the A.B.A. Trust Division.

To carry out the trust legislative objectives of trust men in the various states, 13 of the 24 measures recommended for the consideration of trust men by the Committee on Fiduciary Legislation of the Trust Division of the American Bankers Association were passed by 18 of the 44 state legislatures which met in regular session in 1951.

The Model Prudent-Man Investment Statute led all other trust legislation enactments during 1951. Eleven states amended their laws or passed new laws in recommended or modified form, making a total of 31 states which are now allowed to operate under the Prudent-Man Rule. These are broken down into two classifications: (1) States which operate by statute embodying the rule, numbering 25, and (2) states which follow the rule by authority of a court decision, numbering six.

Of these 11 states, the following seven added to the prudent-man act a provision specifically authorizing investment in shares of investment trusts registered under the Federal Investment Company Act of 1940: Colorado passed the model act; Kansas amended its 1949 law; Maine amended its 1945 law; New Jersey passed a modified act limiting a trustee's investment in nonlegals to 40 percent of any one estate; New Mexico, Tennessee, and Washington amended their 1947 laws.

Of the other four states liberalizing their trust investment laws,

Pennsylvania passed a modified act limiting to 33⅓ percent a trustee's investment in a specified type of common stock; North Dakota passed a modified act limiting a trustee's nonlegal investment to 50 percent; Utah passed the model prudent-man rule act, and West Virginia passed a modified act applying only to fiduciaries when acting for charitable institutions.

Common trust fund enabling acts were enacted in Kansas, Maine, Oregon, and Utah, bringing the total number of jurisdictions which have such permissive laws to 38. The following five states amended their laws, in line with Regulation F of the Board of Governors of the Federal Reserve System, to allow an increase of from \$50,000 to \$100,000 in individual account participations in a common trust fund: Connecticut, Georgia (\$150,000), Minnesota, New York, and Pennsylvania.

ELEVEN other measures suggested by the Committee on Fiduciary Legislation were passed in 1951 as follows:

*Uniform Principal and Income Act:* Arizona and Kansas.

*Uniform Fiduciaries Act:* Arizona.

*Uniform Trusts Act:* New Mexico.

*Uniform Veterans Guardianship Act:* Washington.

*Uniform Simultaneous Death Act:* Montana and Texas.

*Uniform Act on Interstate Arbitration of Death Taxes When Domicile is in Dispute:* Minnesota and Tennessee.

*Uniform Act on Interstate Compromise of Death Taxes When Domicile is in Dispute:* Illinois.

*Appointment of a Nominee by a Banking Institution Acting in a*

*Fiduciary Capacity:* Alabama, Illinois, Kansas, and Wisconsin.

*Registration or Transfer of Securities to or by Fiduciaries or Their Nominees* (Proposed amendment to Section 3 of the Uniform Fiduciaries Act): Illinois and Kansas.

*Uniform Trustees' Accounting Act:* New Mexico (Washington repealed this act and substituted a new procedure as they found the old act unsuitable.)

*Release of Powers of Appointment:* Texas.

A UNIFORM Probate of Foreign Wills Act has been drafted by the National Conference of Commissioners on Uniform State Laws and approved by the A.B.A. Trust Division's Committee on Fiduciary Legislation. This model act provides for procedure under which a will may be given effect locally as if it were executed according to either the law of the domicile or the local law. No distinction is made with reference to real and personal property either with regard to choice of law or effect of probate.

This act will be submitted for adoption to at least some of the sessions of the 11 state legislatures meeting this winter.

AN indication of the increasing interest in uniform, model, or suggested trust legislation may be gained by reference to the Progress Chart on Trust Legislation, prepared by the Committee on Fiduciary Legislation, and reproduced in the September issue of the *Trust Bulletin*. Copies of all of the measures may be obtained by writing to the Trust Division.

# BANK LAW NEWS

*Bouncing Checks—Kiting—Legal Tender—Air Raid Holiday*

## BOUNCING CHECKS

**They Are Not False Financial Statements Within Meaning of A.B.A. Statute**

Oklahoma's Supreme Court has held that a check is not a statement of the maker's financial condition within the contemplation of the American Bankers Association recommended False Statements for Credit Act and, therefore, that one who obtains credit by giving a worthless check does not violate the act.

The act makes it a crime to make or cause to be made any false statement in writing respecting the financial condition, or means or ability to pay, of any person, firm, or corporation, in order to procure property or credit. It has been in force in Oklahoma since 1915.

The court ruled that it did not apply in this case: A merchant, upon ordering a stove from a supplier, was told by the supplier's credit manager that no further credit could be extended because his account was overdue. The merchant offered to have his driver bring a check for the overdue balance when he came for the stove. This was satisfactory to the credit manager and the stove was delivered on credit in exchange for the check, which later proved to be drawn against insufficient funds.

The court, observing that checks testify only to the amount of money their maker has on deposit, not to his total resources in money and property, held that the legislature had not intended the statute to apply to them. *Group v. State*, 236 P.2d 997. cf.: *Paton's Digest*, Crimes §2.

## CHECK KITING

The United States Court of Appeals for the Third Circuit has held that a bank officer who knowingly permitted persons engaged in a kiting conspiracy to cash checks

which were frequently no good is not guilty of "willful misappropriation of bank funds with an intent to defraud the bank" unless both a misappropriation and an intent to defraud are proved. In so holding, the court reversed a decision reported here in January 1951 *BANKING*, and granted a new trial to a bank officer whom a Federal district court had held guilty of such "willful misappropriation" upon a showing only that he had knowingly permitted an obvious misuse of his bank's funds. *U. S. v. Matsinger*, 191 F.2d 1014. cf.: *Paton's Digest*, Bank Personnel, §11B:1.

## AIR RAID HOLIDAY

General Regulation No. 9, recently issued by the New York State Banking Board, is of current interest: *"Every individual, partnership, association or corporation organized or licensed under the Banking Law . . . is authorized to suspend the usual business of such organization during air raids or air raid warning or test periods affecting the community in which such organization is doing business and for a reasonable time thereafter."* . . .

## FORGED CHECK

**Depositor Must Give "Timely". Rather than "Prompt" Notice.**

The Negotiable Instruments Law, §23, provides in effect, that a bank is not liable for paying a check bearing a forgery of a depositor's signature if the depositor is for any reason precluded from setting up the forgery, and the Pennsylvania courts have long held this to mean that a bank may avoid liability if the depositor fails to notify his bank of the forgery promptly.

Now, however, Pennsylvania's Supreme Court has come up with a statement of what "promptly" means: It means "timely," and whether notice given after a de-

positor discovers a forged check charged to his account is "timely" is a fact to be determined according to the "relevant and material attending circumstances," in every case. Furthermore, that court has held, no question of the timeliness of the depositor's notice arises until the bank has first shown that it was free from fault and exercised due diligence in its transactions with the forger. Three judges dissented to the opinion. *Johnson v. First Nat. Bank*, 81 A.2d 95. cf. *Paton's Digest*, Forged Paper §§8:7, 8:11.

## LEGAL TENDER

**"Mickey Mouse Money" Held Legal Tender in the Philippines During Japanese Occupation.**

Currency issued by an army of occupation is a legal medium of exchange in the occupied area and notes given in exchange for it, being given for value, may be enforced after the occupation has ended.

This was the holding of the United States District Court for Utah in a suit by a Philippine banking company, which presumably had continued to do business during the Japanese occupation, for payment of promissory notes signed by an American civilian and smuggled out of the Santo Tomas internment camp where he was held prisoner.

The notes bore no interest and were payable in either Philippine pesos or American dollars, at the rate of two pesos for one dollar. They were unsecured, backed only by the hope that they would be paid after the war by the defendant, if he survived to resume his profession as a national bank examiner, or by his estate, if he died.

In exchange for the notes, the bank had given Japanese army pass-money which was smuggled into Santo Tomas and used by the defendant to purchase food to supple-

(CONTINUED ON PAGE 76)



# FIELD WAREHOUSING

## Warehouse Receipt Loans Against Inventory

Our Field Warehouse Service is a *quality* service . . . efficient, economical and safe. No Bank has ever lost a penny on account of loss or damage of the goods, or failure to deliver the goods entrusted to us.

■

### OPERATING OFFICES

Bank of Albany Building, **Albany 1, Ga.** • Healey Bldg., **Atlanta 3, Ga.** • 60 State St., **Boston 9, Mass.** • 14 Lafayette Square, **Buffalo 3, N. Y.** • 173 West Madison St., **Chicago 2, Ill.** • Thomas Bldg., **Dallas 1, Texas** • National Bank Bldg., **Detroit 32, Mich.** • 121 W. Forsyth St., **Jacksonville 2, Fla.** • 520 W. Seventh St., **Los Angeles 14, Calif.** • 39-45 No. Third St., **Memphis 3, Tenn.** • 404 St. Charles St., **New Orleans 12, La.** • 16 So. Broad St., **Philadelphia 2, Pa.** • Keystone Bldg., **Pittsburgh 22, Pa.** • 425 East 8th St., **St. Paul 1, Minn.** • 235 Montgomery St., **San Francisco 4, Calif.**

The First National Bank Bldg., **Tampa 1, Fla.**

**New York Terminal Warehouse Company**  
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

## Bank Law News

(CONTINUED FROM PAGE 74)

ment his prison rations and to "grease" his guards, in the hope of insuring his survival.

The defendant did survive, but after the war declined to pay the notes, which totaled some \$8,000. He argued, on the one hand, that in the postwar trials the Japanese occupation had been judicially declared criminal and, hence, that Japanese

occupation money was illegal and constituted no consideration for the notes. However, if the occupation and the occupation money should be considered legal, he argued on the other hand, the notes were illegal because they had been given in violation of a Japanese army order forbidding under penalty of death just such monetary traffic with inmates of Japanese prison camps.

The court did not see it that way. It held, in substance, that regulations of an occupying power which

are in the interest of the welfare of the inhabitants of an occupied area are entitled to recognition in American courts, while those inimical to their interest are not, for the reason that the courts of no country execute the penal laws of another; it thus followed that the plaintiff bank might rely on Japanese army regulations issuing the fiat currency, while the defendant might not rely on any Japanese prohibition of traffic between internees and their friends on the outside. Accordingly, the defendant was held legally to have received what he bargained for: Japanese war money which was at the time of great value to him.

The court dispensed with the question of the possible inequity of now having to repay "Mickey Mouse Money" with "good hard American dollars," by suggesting that the defendant might recoup any loss by filing a claim against the Japanese government, which had issued the money at par with the Philippine peso and proclaimed "full responsibility for their usage, having the correct amount to back them up."

The decision, filling 25 pages with about 20,000 words, contains an exhaustive review of decisions on the law of belligerent occupation, for which, the court cheerfully observed, there may soon be greatly increased use. *Aboitiz & Co. v. Price*, 99 F.Supp. 602.

### SAVINGS AND LOAN BRANCHES

The Supreme Court has refused to review the decision of the Court of Appeals for the Third Circuit which held that the fact that Federal law permits a Federal savings and loan association to make mortgage loans within 50 miles of its "home office," means that the Congress intended that such associations might operate branch offices. *North Arlington Nat. Bank v. Kearny F. S. & L. A.* 20 L. W. 3084.

It's an old adage that death and taxes are inevitable. But death doesn't get worse every time Congress meets.

*Perhaps the most important state's right now is the right to Federal aid.*

When Sherman defined war, he had never been through modern peace.

## PARTNERS IN AMERICA'S FUTURE



New Hampshire State Capitol  
Concord, New Hampshire

## STATES AND MUNICIPALITIES AND INSURANCE

The rapid growth of states and municipalities with its consequent need for civic betterment has placed an unprece-

dent burden on government funds. Current demands for money have reduced available cash to such an extent that bond issues have become increasingly frequent. Insurance companies in their usual role of public servants have come to the rescue and invested heavily in these issues. This friendly spirit of cooperation is another example of good public relations.



**NEW HAMPSHIRE  
FIRE INSURANCE COMPANY**

Incorporated 1869

MANCHESTER, NEW HAMPSHIRE



**GRANITE STATE  
FIRE INSURANCE COMPANY**

Incorporated 1885

MANCHESTER, NEW HAMPSHIRE





# The First National Bank of Chicago

## Board of Directors

**Edward E. Brown**  
Chairman of the Board

**Leopold E. Block**  
Honorary Chairman,  
Inland Steel Company

**Augustus A. Carpenter**  
Director, Hills-McCanna  
Company

**J. D. Farrington**  
President, Chicago,  
Rock Island and Pacific  
Railroad Company

**James B. Forgan**  
Vice-Chairman of the Board

**Walter M. Heymann**  
Vice-President

**Henry P. Isham**  
President, Clearing Industrial  
District, Inc.

**James S. Knowlson**  
Chairman of the Board  
and President,  
Stewart-Warner Corp.

**Homer J. Livingston**  
President

**Hughston M. McBain**  
Chairman of the Board,  
Marshall Field & Company

**Bentley G. McCloud**  
Banker

**Harry C. Murphy**  
President, Chicago, Burlington  
& Quincy R. R. Co.

**James Norris**  
President, Norris Grain Co.

**James F. Oates, Jr.**  
Chairman, The Peoples Gas  
Light and Coke Co.

**John P. Oleson**  
Banker

**R. Douglas Stuart**  
Vice-Chairman,  
Quaker Oats Company

**Louis Ware**  
President, International  
Minerals & Chemical Corp.

**Albert H. Wetten**  
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**Harry A. Wheeler**  
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Chairman of the Board,  
Hibbard, Spencer, Bartlett & Co.

**John P. Wilson**  
Wilson & McIlvaine

**Robert E. Wilson**  
Chairman of the Board,  
Standard Oil Company  
(Indiana)

**Robert E. Wood**  
Chairman of the Board,  
Sears, Roebuck and Co.

## Statement of Condition December 31, 1951

### ASSETS

Cash and Due from Banks . . . . .	\$ 703,403,996.41
United States Obligations—Direct and Guaranteed	
Unpledged . . . . .	\$ 435,958,039.51
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order	165,225,088.63
To Secure Trust Deposits . . . . .	93,201,266.27
Under Trust Act of Illinois . . . . .	512,000.00
Other Bonds and Securities . . . . .	119,243,685.54
Loans and Discounts . . . . .	1,147,902,121.97
Real Estate (Bank Building) . . . . .	2,152,548.82
Federal Reserve Bank Stock . . . . .	5,100,000.00
Customers' Liability Account of Acceptances . . . . .	3,625,982.56
Interest Earned, not Collected . . . . .	5,646,636.13
Other Assets . . . . .	1,267,234.02
	<b>\$2,683,238,599.86</b>

### LIABILITIES

Capital Stock . . . . .	\$ 90,000,000.00
Surplus . . . . .	80,000,000.00
Other Undivided Profits . . . . .	4,386,016.77
Discount Collected, but not Earned . . . . .	2,060,553.56
Dividends Declared, but Unpaid . . . . .	1,500,000.00
Reserve for Taxes, etc. . . . .	23,151,347.14
Liability Account of Acceptances . . . . .	4,769,070.56
Time Deposits . . . . .	\$ 457,708,124.73
Demand Deposits . . . . .	1,853,865,320.59
Deposits of Public Funds . . . . .	165,798,084.83
Liabilities other than those above stated . . . . .	81.68
	<b>\$2,683,238,599.86</b>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Other Organizations

The news in this department is edited by WILLIAM P. BOGIE of BANKING'S staff.

## Pennsylvania's Educational Program

THE cooperative educational program of the Pennsylvania Bankers Association, officially launched last October, is continuing with the mailing each month of educational material intended for bank personnel to all participating banks throughout the state by the PBA Public Education Committee, under Chairman S. H. Chelsted, vice-president, Peoples First National Bank and Trust Company, Pittsburgh.

This program, keystone of PBA President Robert C. Downie's plans for the current association year, was adopted following enthusiastic grass roots support by bankers from all parts of the state.

The initial material, entitled *Put Yourself in These Shoes*, was distributed to the banks in sufficient quantities to insure that every bank director, officer, and employee received a copy. It displays two pairs of shoes, men's and women's, and states, "These are your customers' shoes. Put yourself in them, and they'll lead the way to excellent public relations in almost every situation."

The folder sums up its advice to bank personnel with, "The kind of treatment you enjoy as a customer . . . is the kind of treatment your customer enjoys."

A later addition to the educational program was a folder entitled *Suppose There Were No Banks*, which represents a novel method of emphasizing to the public the many irreplaceable functions of privately-owned, independent banking in the American free enterprise system, and states, "Only independent banks provide so much service at such low costs."

The PBA cooperative educational program will feature a basic theme each month—by means of bank



At the mid-January meeting of the Eastern Secretaries Conference (above) at the A.B.A. headquarters in New York, the following officers were elected: president, Gilbert B. Moyer, secretary-treasurer, Delaware Bankers Association, and assistant vice-president, Wilmington Trust Company; vice-president, William K. Mendenhall, secretary, New Jersey Bankers Association; secretary, Harold W. Roberts, executive secretary, Savings Banks Association of Connecticut

statement inserts, bank lobby posters, speech material, newspaper mats, etc.—to show the value of independent banking to the individual and the community.

The Public Education Committee has indicated that its educational material, copyrighted by the PBA, can be purchased by out-of-state banks and banking organizations for distribution in their trade areas. The committee has designed its material so that the PBA emblem can be deleted, leaving sufficient space for the names of other organizations.

The members of the Public Education Committee, who have worked to create a better understanding between bankers and the general public, are: Chairman Chelsted; Charles V. Adams, president, First National Bank, Montoursville; John D. Bainer, president, Merchants National Bank and Trust Company, Meadville; Earl D. Buck, president, First Blair County National Bank, Tyrone; Ario H. Everett, president, The Berwick Bank; Donald L. Helfferich, vice-president, Upper Darby National Bank; Wilson D. Lewis, assistant vice-president and secre-

tary, Dauphin Deposit Trust Company, Harrisburg; Bente S. Luce, vice-president and cashier, First National Bank at Beaver Falls; and Robert H. Wilson, assistant vice-president, Girard Trust Corn Exchange Bank.

## Savings Bank Auditors and Comptrollers

AUDITORS and comptrollers of the nation's 529 mutual savings banks will gather in New York for a conference on operations, audit and control, in the Hotel Commodore, on February 13, 14, and 15. The conference will feature panel discussions on current developments in the mortgage field, audit and control of the mortgage portfolio, punched card accounting for banking floor operations, audit program for banks without full time auditors, current bank personnel problems and operational and auditing aspects of Federal taxation.

Carl G. Freese, president of the National Association of Mutual Savings Banks and president and treas-

(CONTINUED ON PAGE 80)



# The Horseshoe House

*of Far-Away  
Island*



ACCORDING to an Indian myth, a mighty giant who used Cape Cod for his bed flung his moccasins into the sea because they were full of sand. The one nearest the mainland became Martha's Vineyard and the other Nantucket which in the Indian tongue meant the Far-Away Island.

The first white settlement on Nantucket was formed by a group who in 1659 bought the island from Thomas Mayhew of Martha's Vineyard; his price was thirty pounds and "two Beaver Hatts, one for myself and one for my wife." Leader of the settlers was Tristram Coffin of Salisbury, Massachusetts, whose family became one of the most prominent on the Island.

For a time the island was torn by a feud between Tristram Coffin and John Gardner, but the breach was healed by the marriage of Tristram's grandson Jethro Coffin and John Gardner's daughter Mary. As a wedding present, Mary's father gave land and Jethro's gave lumber for a home. Built in 1686, this house is now Nantucket's oldest and gets its name from the odd-looking chimney ornament, believed by some to be meant for a horseshoe.

One night in Jethro's absence a drunken Indian who had hidden in the attic fell through the loose board floor to a closet beneath. The crash awakened Mary who saw him emerge from the closet and squat on the hearth where he began sharpening his knife. In terror, she seized

her baby and fled in search of help. The Indian was in close pursuit but he plunged headlong down a flight of stairs to the hall below where Mary's rescuers found him lying in a stupor. As Nantucket Indians never made trouble except when under the influence of liquor he was released.

In the 19th century Nantucket became the country's leading whaling center and, though its population never reached 10,000, at one time it was the third richest municipality in Massachusetts. Whaling ships from the Far-Away Island girdled the globe, their hard-won cargoes bringing wealth to most of the island's families.

In the possession of the Coffin family for many years, the Horseshoe House is now owned by the Nantucket Historical Association.



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(CONTINUED FROM PAGE 78)

urer, Connecticut Savings Bank of New Haven, Connecticut, will welcome the bankers at the opening session on February 13, with John W. Larsen, chairman, program committee, and assistant vice-president and deputy controller, The Bowery Savings Bank, New York, presiding. Other savings bankers who will address the conference are: Herbert E. Burns, comptroller, The Provident Institution for Savings, Boston; Walter R. Williams, Jr., vice-

president and treasurer, Union Dime Savings Bank, New York; Everett J. Livesey, comptroller, The Dime Savings Bank of Brooklyn; Granville S. Morgan, assistant vice-president, The Philadelphia Saving Fund Society; and Everett R. Verbeck, assistant treasurer, Girard Trust Corn Exchange Bank, Philadelphia.

An exhibit of the latest types of banking equipment and supplies will be on display at the conference. More than 600 savings bankers are expected to attend.

## Audit Safeguards

A BOOKLET entitled *Audit Safeguards and Internal Controls* has been issued by the Procedures and Practices Committee of the Pennsylvania Bankers Association. Chairman of the committee is Robert F. McCammon, vice-president, Girard Trust Corn Exchange Bank, Philadelphia.

In the letter accompanying the pamphlet in its distribution to PBA member banks, the association's president, Robert C. Downie, said: "Bank defalcations are most regrettable. These fraudulent acts by a few individuals reflect adversely on the entire industry and are of much concern to members of the Pennsylvania Bankers Association. The Pennsylvania Bankers Association is vitally interested that all banks in Pennsylvania provide adequate internal controls and sound audit procedures."

Some of the subheads in the booklet are: "Public Relations Aspect," "Directors' and Officers' Duties," "Outside Audits," "Sound Audit Program," "Internal Verifications," "Dual Control," "Compulsory Vacations," "Small Banks' Audit Problem." There is a brief list of audit publications available to banks.

## C of C Head Exhorts Governors

ASSERTING that current scandals are symptoms of a "centralized government crisis," D. A. Hulcy, president of the Chamber of Commerce of the United States, recently urged the 48 governors to make a thorough appraisal of government with a view to recapturing the authority which rightfully belongs to the states.

Mr. Hulcy made his proposal in a letter to Gov. Val Peterson of Nebraska, chairman of the Executive Committee of the Governors' Conference, before the committee met in Chicago on January 8. Copies of the letter went to all other governors.

Mr. Hulcy said the trouble springs from the fact that "we have strayed from a fundamental concept of our national origin."

"Too many of us have forgotten that our states are sovereign republics, invested with primary rights and responsibilities . . . that our National Government is but a crea-

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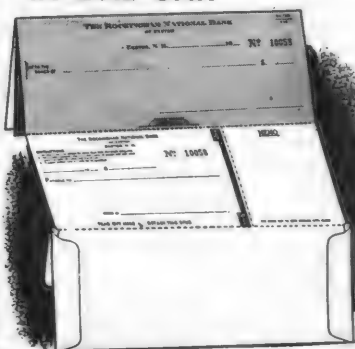
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ture of the states; that its powers are endowed and not inherent and were designed only to serve certain common needs among the 13 newly independent American Republics.

"The size and scope of national Government today makes a mockery of the limitations written by the earnest, farsighted men who, as delegates from their sovereign states, drafted our Federal Constitution. More than that, national Government has become so involved in our daily affairs and so unwieldy that no body of men on earth, no matter how efficient or how dedicated in purpose, could possibly operate it equitably."

### R. E. Pye Resigns

ROBERT E. PYE, executive secretary of the Minnesota Bankers Association, has tendered his resignation.

Mr. Pye explains that he has been contemplating for some time the opening of a public relations office in Minneapolis at the end of the association year, but that recent developments in connection with his new venture compel him to act sooner than he had expected.

### Robert Morris Pamphlet

A NEW pamphlet, *Financial Statements for Bank Credit Purposes* has been prepared by Robert Morris Associates, national association of bank loan officers and credit men, for the purpose of helping bankers obtain adequate financial information from loan applicants. It emphasizes the value to both businessman and banker of a report by an independent certified public accountant in the presentation of such information.

The problem of securing financial information that is both accurate and sufficient in scope for credit appraisal purposes has been a most persistent one. During recent years individual banks and local Robert Morris Chapters have taken steps to meet it through issuance of statements of their requirements for financial information in connection with loan applications. To date, however, such efforts have been local or sectional; there has been no statement on behalf of RMA as a national organization. The new pamphlet provides for the first time

an authoritative presentation of the views of bank credit men, as represented by RMA.

### A Crinkum-Crankum

A BOOKLET recently received had the startling title: *After Taking Two Bottles and other Vagaries and Quirks done into Essays; also a Crinkum-Crankum of Light Rhymes by phil*. This "phil" is William A. Philpott, Jr., secretary of the Texas Bankers Association, who has produced such other books and pamphlets as *In Praise of Ig-*

*norance, Holiday Hang-Over, and Meet the Wife.*

"After Taking Two Bottles" is an essay on "the testimonial racket." Some of the other titles in the booklet are "Antidotes for Confusion," "Doubtless Something We Ate," "Platitudinous Ponderosity," and "Ye Old Leaden Breeches."

It's a lot of fun.

### FPRA's Egbert

THE latest hero in the business of training employees is Egbert, leading man in the FPRA's sound-slide



## STATEMENT OF CONDITION DECEMBER 31, 1951

### RESOURCES

Cash and Due from Banks . . . . .	\$ 66,227,138.86
U. S. Government Bonds . . . . .	71,148,605.00
Other Bonds and Securities . . . . .	19,067,303.66
Loans and Discounts . . . . .	90,637,775.48
Loans (Federally Insured or Guaranteed) . . . . .	41,037,113.10
Bank Buildings . . . . .	2,608,593.41
Furniture and Fixtures . . . . .	1,015,431.99
Accrued Interest Receivable . . . . .	938,979.97
Customers' Liability on L/C . . . . .	186,414.40
Other Resources . . . . .	321,693.96
<b>Total Resources . . . . .</b>	<b>\$293,189,049.83</b>

### LIABILITIES

Deposits . . . . .	\$272,731,259.02
Unearned Discount . . . . .	2,654,692.39
Letters of Credit . . . . .	186,414.40
Reserve for Taxes, Interest, etc. . . . .	1,761,909.34
Other Liabilities . . . . .	234,634.41
<b>Capital Funds</b>	
Common Stock . . . . .	\$5,000,000.00
Surplus . . . . .	8,500,000.00
Undivided Profits . . . . .	1,495,140.27
Reserves . . . . .	625,000.00
<b>Total Liabilities . . . . .</b>	<b>\$293,189,049.83</b>

HOME OFFICE



PHOENIX, ARIZONA

*Largest Bank in the Rocky Mountain States*

## VALLEY NATIONAL BANK

GLENDAL TOLLESON WICKENBURG PHOENIX TUCSON CASAGRANDE SUNNYSLOPE HAYDEN  
MIAMI SUPERIOR COOLIDGE DOUGLAS GLOBE CLIFTON PRESCOTT CHANDLER  
SAFFORD KINGMAN LITCHFIELD PARK AJO MORENCI MESA NOGALES WINSLOW WILLCOX  
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film, *Banking Without Bicarbonate*. Egbert discovers six magic steps—the framework by which the film shows, first, how *not* to do it, and then how it should be done.

### PR Schools

Two states holding public relations schools in the near future are New Jersey and Missouri. The New Jersey Bankers Association will conduct its school at Princeton University February 12 to 14. The Missouri Bankers Association school (a 2-year course beginning this year) will be held at Columbia, Missouri, March 18 to 20.

### Southern Secretaries

AT THEIR Biloxi, Mississippi, meeting in December, the **Southern Secretaries Conference** elected the following officers: *president*, Leigh Watkins, Jr., secretary, Mississippi Bankers Association; *vice-president*, Jeff Burnett, secretary, Arkansas Bankers Association; *secretary*, W. A. Philpott, Jr., secretary, Texas Bankers Association.

### Liaison with State Agencies

THE Virginia Bankers Association has set up a permanent committee whose job is to "consider matters presented to them by members of the association, and take them up

with the supervisory authorities and other governmental agencies," according to R. F. Burke Steele, VBA president and president of the Petersburg Savings & American Trust Company. Chairman of the committee is H. H. Augustine, president, State-Planters Bank & Trust Company, Richmond.

### Arizona Secretary

ROBERT H. WHITACRE, assistant vice-president of the First National Bank of Arizona, Phoenix, has been elected secretary-treasurer of the **Arizona Bankers Association**. He succeeds Howard E. Fletcher.

### Mortgage Financing

IF THE nation does not become involved in another major war and builds the more than 14,000,000 homes it will need during the next decade in addition to restoring blighted areas and clearing slums, then more sources of mortgage financing will be needed and the growing pension funds are the logical ones to supply it. Aubrey M. Costa, president of the **Mortgage Bankers Association of America** and president, Southern Trust & Mortgage Co., Dallas, stated recently. He spoke at the opening session of the conference on mortgage investments for pension funds, sponsored by *The Magazine of Building*, in the Waldorf-Astoria Hotel.

City	Per Capita Tax Burden
Denver, Colo. ....	\$47
Philadelphia, Pa. ....	47
Pittsburgh, Pa. ....	38
Cleveland, Ohio ....	37
Atlanta, Ga. ....	35
Oakland, Calif. ....	35
Kansas City, Mo. ....	34
New Orleans, La. ....	34
Chicago, Ill. ....	33
Cincinnati, Ohio ....	33
Toledo, Ohio ....	33
Portland, Ore. ....	33
Dallas, Texas ....	32
Houston, Texas ....	31
Los Angeles, Calif. ....	31
Seattle, Wash. ....	30
San Diego, Calif. ....	29
Fort Worth, Texas ....	26
Indianapolis, Ind. ....	25
Memphis, Tenn. ....	25
Akron, Ohio ....	23
San Antonio, Texas ....	22
Columbus, Ohio ....	21
Birmingham, Ala. ....	20

The total debt of these 39 cities is continuing to mount—it's \$6-billion now—and the survey shows cities are spending more than they take in. Their general revenues for 1950 were \$2.9-billion and expenditures were near \$3.3-billion.

This upward trend in debt and spending is coupled with a problem-breeding population trend common to most of these cities. Their suburbs are growing faster than the cities, taking many of the more prosperous taxpayers out of the city tax area, but continuing to make larger demands for urban traffic and other facilities.

Possible approaches to a solution of this problem are seen in city sales taxes and special levies on income earned in the cities.

## City Taxes Highest in Washington

EACH resident of Washington, D. C., paid an average of \$126 as his or her share of that city's tax burden for 1950, and each resident of Birmingham, Alabama, paid only \$20, a survey by Commerce Clearing House reveals.

The national capital had the highest per capita tax burden of the 39 largest cities in the U. S., followed closely by Boston with \$122 and Newark, New Jersey, with \$106. Of course, Washington residents escape the state taxes paid in other cities. Cities rivaling Birmingham in the record low class include Columbus, Ohio, \$21; San Antonio, Texas, \$22; Akron, Ohio, \$23; Indianapolis, Indiana, and Memphis, Tennessee, \$25; and Fort Worth, Texas, \$26.

The average for the 39 largest cities was \$59. These cities are listed in the survey in the order of their per capita tax burden as follows:

City	Per Capita Tax Burden
Washington, D. C. ....	\$126
Boston, Mass. ....	122
Newark, N. J. ....	106
Jersey City, N. J. ....	99
New York City ....	97
San Francisco, Calif. ....	71
Minneapolis, Minn. ....	68
Baltimore, Md. ....	65
Rochester, N. Y. ....	63
Milwaukee, Wis. ....	61
Louisville, Ky. ....	57
Buffalo, N. Y. ....	55
Detroit, Mich. ....	50
St. Louis, Mo. ....	49
St. Paul, Minn. ....	48



"My talk will be a little long . . . I never get a chance to talk at home!"





# THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, DECEMBER 31, 1951

## RESOURCES

Cash and Due from Banks . . . . .	\$1,527,019,824.03
U. S. Government Obligations. . . . .	1,183,476,912.03
State and Municipal Securities . . . . .	306,241,404.39
Other Securities . . . . .	277,305,439.32
Mortgages . . . . .	56,101,004.00
Loans . . . . .	2,161,951,614.89
Accrued Interest Receivable . . . . .	10,361,315.94
Customers' Acceptance Liability . . . . .	46,310,635.73
Banking Houses . . . . .	28,391,406.99
Other Assets . . . . .	10,023,288.15
	<u>\$5,607,182,845.47</u>

## LIABILITIES

Deposits . . . . .	\$5,149,631,444.15
Foreign Funds Borrowed . . . . .	700,787.86
Dividend Payable February 1, 1952 . . . . .	2,960,000.00
Reserves—Taxes and Expenses. . . . .	29,796,367.75
Other Liabilities . . . . .	16,081,128.17
Acceptances Outstanding . . . . .	52,286,435.90
Less: In Portfolio . . . . .	5,456,302.28
Capital Funds:	
Capital Stock. . . . .	\$111,000,000.00
(7,400,000 Shares—\$15 Par)	
Surplus . . . . .	189,000,000.00
Undivided Profits . . . . .	<u>61,182,983.92</u>
	<u>361,182,983.92</u>
	<u>\$5,607,182,845.47</u>

United States Government and other securities carried at \$359,197,217.00 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

# BANKING NEWS

## 27 G.S.B. Theses Appear in "Present Day Banking 1952"

### All in Condensations Made by the Authors

*Present Day Banking 1952*, published by BANKING, will appear soon. It is made up of 27 theses written by banker-students of The Graduate School of Banking, Class of 1951. The theses appear in condensed form, the abridgement in each case having been made by the author.

No attempt has been made by the editors to include in the book every outstanding theses produced at the School. Those in this volume, however, are of such merit that they have been accepted for distribution by the Library of the American Bankers Association.

This is the second edition of *Present Day Banking* that has been devoted entirely to G.S.B. theses. Copies of both the 1951 and the 1952 editions may be purchased from the Circulation Department of BANKING, 12 E. 36th Street, New York 16, N. Y.

### Titles, Authors

The complete list of 1952 titles and authors follows:

*Extending Branch Operations by Purchases of Existing Banks' Net Assets* by Clarence H. Baumhefner, assistant to the cashier, Bank of America, San Francisco.

*Banks and the Oil Drilling Industry* by Earl L. Beard, Jr., assistant cashier, National Bank of Tulsa.

*Factors: Development, Practices, and Financing by Banks* by Frederick Becker, assistant secretary, Manufacturers Trust Company, New York City.

*Discretionary Powers of Distribution Exercised by Trustees* by Robert Benjamin, assistant trust officer, Guaranty Trust Company, New York City.

*The Increase in Cotrusteeships* by Charles M. Bliss, vice-president, Bank of New York and Fifth Avenue Bank, New York City.

*Safe Deposit Procedure in Smaller Banks* by Charles C.



Alan T. Christie

Bridgers, vice-president and cashier, The Bank of Asheville, North Carolina.

*Community Property in Texas Estates* by J. D. Buckman, Jr., assistant trust officer, The Fort Worth (Texas) National Bank.

*American Banks in the European Recovery Program* by Milton S. Coe, assistant cashier, Chase National Bank, New York City.

*Financing Fruit Growers* by Paul Davenport, manager, Niagara County Wilson Office, The Marine Trust Company, Wilson, New York.

*Financial Aspects of the Portland Cement Industry* by William P. Davis, III, assistant vice-president, The Pennsylvania Company for Banking & Trusts, Philadelphia.

*Trust Business Development Organization* by Walter R. Hagey, assistant secretary, Fidelity-Philadelphia Trust Company.

*Instalment Loan Discount* by Harold B. Hassinger, auditor, First National Bank of Boston.

*Financing the Lingerie Industry* by Francis J. Henkel, assistant treasurer, The Hanover Bank, New York City.

*Financing the Shrimp and Oyster Industry* by Robert C. Judy, division of examination, Federal Deposit Insurance Corporation, Washington, D. C.

*Business Development for Metropolitan Commercial Banks* by Gould R. Kardashian, assistant treasurer, Bank of the Manhattan Company, Jamaica, New York.

*Music in Banks* by Karl F. Lanier, manager, Fort Eustis

(CONTINUED ON PAGE 86)

## Five New Special Lecturers Chosen for Graduate School

### March 15 Date of Annual Faculty Meet

Five new special lecturers have been named for the forthcoming summer session of The Graduate School of Banking. They are: Alan T. Christie of Lambert & Co., New York City; Robert L. Edwards, associate representative, Barclays Bank Limited, New York City; F. W. Elliott Farr, assistant vice president, Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania; Robert L. Garner, vice-president, International Bank for Reconstruction and Development, Washington, D. C.; and Joseph M. Naughton, president, The Second National Bank, Cumberland, Maryland. Mr. Edwards and Mr. Naughton will lecture to commercial banking classes and the other three men on investments.

### Final Plans

The new lecturers will be introduced to the faculty at the annual organization meeting at the Biltmore Hotel, New York, Saturday, March 15. The purpose of this meeting will be to make the final plans for the summer session of the School at Rutgers University, New Brunswick, N. J., June 16-June 28. Over 1,000 bank officers will attend the session and the faculty will number over 60 with 20 additional special lecturers.

The faculty meeting will open with a luncheon, followed by individual meetings of the faculty groups of the School's majors—commercial banking, savings management, investments, trusts.

In the evening, the Metropolitan New York Group, G.S.B., which consists of alumni and students of the School, will hold its annual reunion in the Biltmore; and the faculty members will meet with them at a reception and dinner. The reunion is in charge of a committee headed by John W. Arthur, Jr., of the Bank of New York and Fifth Avenue Bank.

## Membership and Enrolment Figures Announced by A.I.B.

### 10 Leading Chapters Named by Larson

Membership and enrolment figures of the American Institute of Banking showed a decline on Jan. 1, 1952, by comparison with the 1951 figures, according to National Secretary Floyd W. Larson.

Membership, Mr. Larson said, totaled 86,517 at the beginning of the year, compared with 88,012 on Jan. 1, 1951. Total class enrolments on Jan. 1, 1952, totaled 32,254, as compared with 33,815 at the same time last year.

Mr. Larson anticipates that during the second half of the year membership and enrolment figures will catch up and perhaps even forge ahead of last year's total membership and enrolment.

The Institute reached its peak number of members and enrolments in 1949-50, when it had 95,045 members and 49,886 class members. Since its founding, the A.I.B. has issued 46,295 prestandard, 32,090 standard, and 3,725 graduate certificates.

### Leading Chapters

The 10 chapters with the highest memberships and enrolments are as follows:

Membership	
City	Number
Chicago .....	4,496
Los Angeles .....	3,454
New York .....	3,087
Detroit .....	2,670
San Francisco .....	2,508
Minneapolis .....	2,270
Boston .....	2,194
Cleveland .....	1,907
Philadelphia .....	1,790
Pittsburgh .....	1,540

Enrolment	
City	Number
New York .....	2,977
Los Angeles .....	2,338
Chicago .....	879
San Francisco .....	778
Detroit .....	595
Minneapolis .....	519
Boston .....	499
Pittsburgh .....	492
Philadelphia .....	445
Cleveland .....	442

# The National Banks Meet Heavy Demands of Defense Program

## So Says Buesching in Annual Report

National banks are effectively meeting heavy demands made upon them by the country's defense program, according to Charles H. Buesching, president of the National Bank Division of the American Bankers Association, in an annual report to all member banks of the Division.

Mr. Buesching, who is president of the Lincoln National Bank & Trust Company, Fort Wayne, Indiana, said in part: "While we all agree that production must continue to move with speed and intelligence to assure a strong national defense we must be cognizant also of the additional responsibilities such a program imposes.

"It is essential that inflation be held within control; that private projects which might impede the defense effort be curtailed; that speculative borrowing such as to cover abnormal accumulations of scarce goods purchased in anticipation of higher prices, be discouraged."

## Suggestions

In his report to the Division, Mr. Buesching reviewed suggestions resulting from a recent conference between officers of the National Bank Division and supervisory authorities in Washington, D. C. He suggested that management of national banks keep in mind such programs as:

(1) Retaining larger percentages of earnings in capital structures, as assurance of ability to meet whatever exigencies may develop.

(2) Reducing still further the amount of outstanding preferred stock.

(3) Emphasizing the importance of developing and retaining properly trained personnel.

(4) Improving methods in all matters relating to bank examination to insure accurate internal audits and to detect frauds.

Another suggestion was that "more emphasis should be placed on improving the

## Survey Shows 85% Of All Checks Now Use Routing Symbol

Use of the check routing symbol continues to gain. Examination of almost 9-million checks handled through the Federal Reserve System indicates that 85 percent of all checks being written today carry the symbol—and in the approved location—according to a report by Valentine Willis, chairman of the Subcommittee on Collections of the Federal Reserve System.

This record high proportion reflects a gain of three percentage points since a similar survey last June, the report shows. Improvement was registered in all but one of the 12 Federal Reserve Districts, with the largest gain (11 percentage points) being made in the Minneapolis District. The New York District continues to report the highest proportion, with 93 percent of all checks bearing the symbol. In last place is the San Francisco District with 75 percent. Fourteen states are now at 90 percent or above with New Jersey in first place; California in last place.

## The Record

By District, the records now show: New York, 93 percent; Boston, 91 percent; Philadelphia, 90 percent; Cleveland, 87 percent; Richmond, 84 percent; Kansas City, 83 percent; Atlanta and Dallas, each 82 percent; St. Louis and Minneapolis, each 80 percent; Chicago, 77 percent; San Francisco, 75 percent.

The 14 states recording 90 percent or over are, in this order: New Jersey, New York, Massachusetts, Maine, New Mexico, Delaware, Colorado, Connecticut, Vermont, Maryland, Utah, Kentucky, Idaho, Rhode Island.

The check routing symbol was introduced jointly on June 6, 1945, by the Bank Management Committee of the American Bankers Association and the Subcommittee on Collections of the Federal Reserve System.

welfare of the bank's employees through initiating programs for job evaluation, promotion from the ranks, and adequate compensation."



Eugene C. Zorn, Jr.



Ruth Traub

## A.B.A. Staff Members Zorn, Traub, Boes Get Advancements

### Gene Zorn Is Named Research Director

Three American Bankers Association staff members—Eugene C. Zorn, Jr., Ruth Traub, and Thelma Boes—have received promotions, according to Dr. Harold Stonier, executive manager.

Mr. Zorn, who has been a member of the Association's research and economics staff since December 1939, has been named research director, secretary of the Advisory Committee on Special Activities, and secretary of the Government Borrowing Committee. Mr. Zorn, whose duties for some time have included those of secretary of the Commerce and Marine Commission and secretary of the Research Council, will continue in the same capacity with the Commission and as the coordinator of the Council's work.

Miss Traub, who joined the Association in 1935, became executive secretary to the Executive Manager in 1944. She has now been named assistant to executive manager. She is a graduate of Hunter College in New York City and The School of Business Administration, Columbia U.

Miss Boes has been named assistant secretary of the Association's Committee on Federal Legislation. She first became associated with the Washington Office in 1928 and since that time has been closely identified with the Committee work. Since 1937 she has been secretary to D. J. Needham, A. B. A. general counsel. Miss Boes attended the public schools of Cresson, Pa., and is a graduate of the Cambria-Rowe Business College in Johnstown, Pa.



Thelma Boes

Mr. Zorn served in the Army Air Force from January 1943 until June 1946, during which time he was assigned to contract termination work. He was discharged with the rank of captain.

He succeeds Robert C. Taylor as secretary of the Advisory Committee on Special Activities and as secretary of the Government Borrowing Committee. Mr. Taylor accepted an important post with the Continental Illinois National Bank and Trust Company, Chicago, a few months ago.

## NEW MEMBERS

Nine banks in seven states became members of the American Bankers Association during December, as follows:

ILLINOIS: First National Bank, Morton Grove.\*

MISSISSIPPI: Amite County Bank, Liberty Br., Liberty.

NEW YORK: Rondout Savings Bank, Kingston, and North Side Savings Bank, Third Avenue Office, Bronx.

NORTH CAROLINA: Guaranty Bank and Trust Company, Meadowbrook Branch, Greenville.\*

OHIO: Citizens National Bank, Covington.

TEXAS: Anthony State Bank, Anthony.\*

VIRGINIA: First National Bank, Arlington,\* and Mount Vernon Bank and Trust Company, Alexandria.\*

\*Newly organized.

## Survey on State Bank Supervisors Emphasizes Low Pay

### Supervisors Important in Dual Banking System

Forty-one of the 52 ex-state banking supervisors, representing 33 states, who replied to a questionnaire on state banking departments sent to them by the A.B.A.'s Committee on State Legislation, expressed the opinion that supervisors, once appointed, should keep out of politics. As to whether they were active in politics, 15 reported that they took a passive interest; nine, an active interest; and 28, no interest.

The questionnaire was sent to former supervisors who had served since 1935. It sought to ascertain conditions surrounding their appointments, reasons for acceptance, tenure of service, cause of severance from official positions, and other pertinent information touching on the office and department, including compensation, in an effort to learn the cause of high "official mortality" among bank supervisors.

#### Hazeltine Comment

In a recent letter to members of the Association's State Legislative Council, Sherman Hazeltine, Committee Chairman, said of the study:

"Feeling that we have in this tabulation a most important source of reference material for the study of this critical situation, we are sending a file copy to each member of the . . . Council, and to the incumbent state bank supervisors.

"Your committee feels that this matter of state bank supervision is of paramount importance in the maintenance of a dual system of banking. . .

"Regardless of the importance of the subject, I do not feel that it is proper for the American Bankers Association to appear to interfere at the state level. . . You will be interested to know that 23 former bank commissioners have expressed themselves as being ready and willing to participate in any conference having to do with this subject which may be held within reasonable accessibility of

#### Reminder

More news and announcements of interest may be found on the departmentalized pages (87-92, inclusive) which follow under the titles: Savings, Housing and Mortgage Credit, Consumer Credit, and Trust Service.

their residences. Our Committee will be delighted to act as a liaison in making arrangements for such a consultative service."

With respect to salaries received from their employers prior to appointment, it was found that one supervisor received \$50,000; another got \$25,000; while the average annual salary of 46 of the former supervisors was \$5,557.39. This average annual salary was exchanged for an average "official" salary of \$6,056.52, or an increase per annum upon acceptance of \$500.02 each.

The salary of 14 supervisors was raised during incumbency for an average of \$1,932.14 each, while the salary of 30 remained static, and the salary of one was reduced \$2,000 per annum. This latter left state employment to accept a salary of \$30,000 in private employment.

#### Pay Goes Up

After severance from state banking departments, 41 made immediate connections for an average annual salary of \$9,051.22, or an average annual increase of \$2,994.70 over former official pay. The present annual salary of 35 is \$13,467.60.

The survey discloses that the average official salary now paid in the 33 states is \$8,134.85, with a minimum of \$4,800 and a maximum of \$16,500.

The average official salary recommended by the former supervisors was \$11,490, with a suggested minimum of \$6,000 and a suggested maximum of \$20,000 per annum. Fifty favored increases over present salaries.

Chairman Hazeltine is president of The Bank of Arizona, Prescott.

Thomas B. Paton, assistant general counsel of the A.B.A., is secretary of the Committee on State Legislation.

## 27 G.S.B. Theses

(CONTINUED FROM PAGE 84)

(Va.) Facility, First National Bank of Newport News.

*FNMA in GI Home Financing* by Byron L. Mortenson, assistant cashier, Wells Fargo Bank & Union Trust Co., San Francisco.

*Financial Operation of Public Housing Projects* by Walter H. Nelson, assistant vice-president, East River Savings Bank, New York City.

*Reasons and Remedies for Bank Absenteeism* by Harold J. Newman assistant cashier, Federal Reserve Bank of Chicago.

*Banking Careers in Southern California* by Thomas B. Perry, assistant vice-president, Security-First National Bank of Los Angeles.

*Fiscal Analysis of St. Louis* by Thomas L. Ray, assistant vice-president, Mercantile Trust Company, St. Louis.

*Nationwide Mortgage Lending for Mutual Savings Banks* by Elbert B. Shenkel, deputy mortgage officer, The Bowery Savings Bank, New York City.

*Night Depository and Related Services* by Glenn E. Schwemley, assistant vice-president, The Ohio National Bank of Columbus.

*Considerations in Trust Fund Investment* by Morton Smith, vice-president, Girard Trust Corn Exchange Bank, Philadelphia.

*A Capital Bank for Small Business* by John E. Snow, Jr., manager discount and credit department, Federal Reserve Bank of Richmond, Virginia.

*The Country Banker and the Dairyman* by Max Stieg, executive vice-president and cashier, Dairyman's State Bank, Clintonville Wisconsin.

*Sponsoring a School Savings Bank* by Frank E. Taylor, Jr., vice-president, The Fulton National Bank, Atlanta, Georgia.

## Education in U. S.

### Life Speech Theme

"Education in American Life" will be the general theme of the public speaking contests to be held within the American Institute of Banking during the next few months, according to Alton P. Barr, president of the Institute. and vice-president, Security Commercial Bank, Birmingham. The speaking

## Speech Kits on General and Farm Subjects Available

Recognizing the difficulty of preparing an interesting and informative speech, the Public Relations Council of the American Bankers Association, is introducing a new speech service to aid bankers who are called upon to give such addresses.

The service consists of a series of kits, each containing material on a different speech topic. Each kit has a prepared speech on the subject, suggestions for using the material, a reference list, and a suggested news release. Some kits contain supplementary printed material such as pamphlets and booklets.

Thus far, 10 kits have been prepared. Four general addresses are titled: "Investing Money," "Federal Reserve System," "The Meaning of Inflation," and "Consumer and Instalment Credit." Six agricultural subjects are: "Farm Financial Reserves," "Farm Money Management," "Using Credit for Farm Production," "Keeping Farm Financial Records," "The Farmer and His Bank," and "Father-Son Farm Partnerships."

Speeches now in preparation will cover trust service, credit, savings, bank history, and banking as a career.

The manuscripts are planned as a base from which the banker can prepare his own speech.

Included in each of the kits is a card on which the speaker can send his comments on the speech to the A.B.A. These cards will be used to improve and expand the service.

The service is a project of the Council's Committee on Public Education, of which Frank M. Totton, vice-president, The Chase National Bank, New York City, is chairman.

program will culminate next June with the 26th Annual National Public Speaking Contest for the A. P. Gianini Educational Endowment prizes at the A.I.B.'s National Convention in Houston, Tex.

Specific topic for contests within individual chapters will be announced on Feb. 1.

For further particulars about the contest see page 81 of January BANKING.



# Savings

News and Comment from Our Savings and Mortgage Division and Other Sources

## Thrift, Interest, Mortgage Credit S&M Parley Topics

**T**HREATS of expanding aggression and the defense measures to be taken by the United States will be studied for their effect on thrift, interest rates, and mortgage lending at the annual Savings and Mortgage Conference of the American Bankers Association to be held at the Statler Hotel in New York on March 3-5. The Conference this year marks the 50th Anniversary of the A.B.A.'s Savings and Mortgage Division.

The conference program was announced by Joseph Earl Perry, president of the Division and of the Newton (Massachusetts) Savings Bank. The Tuesday sessions will be devoted mainly to discussions of savings operations, promotion and interest rates, and Wednesday to discussion of housing legislation and mortgage lending procedure.

### Speakers

In addition to a number of leading bankers, speakers will include Senator Burnet R. Maybank, chairman of the Senate Banking and Currency Committee, who will discuss the housing situation; Dr. Marcus Nadler, professor of finance, New York University; and Elliott V. Bell, chairman of the executive committee, McGraw-Hill Publishing Company, and former Superintendent of Banks of New York State.

A special 50th Anniversary commemorative banquet will be held on the evening of March 3. Dr. Kenneth McFarland, consultant to General Motors Corporation and national authority on education, will address the banquet.

Mr. Perry announced also that the National School Savings Forum to be held on the afternoon of March 4, will be concluded with a dinner.

The program for the conference and the forum follows:



Senator Maybank



George B. Roberts



Dr. Marcus Nadler



Elliott V. Bell

## 50th Anniversary Banquet

Monday, March 3, 7 P.M.

Presiding, Joseph Earl Perry.

Address by Dr. Kenneth McFarland.

## First Session

Tuesday, March 4, 10 A.M.

Presiding, President Perry, who will speak on "The 1952 Savings and Mortgage Picture."

"The New Significance of Budgetary Control," by Everett J. Livesey, comptroller of the Dime Savings Bank, Brooklyn.

Address by Elliott V. Bell.

## Second Session

Tuesday, March 4, 2 P.M.

Presiding, Wendell T. Burns, vice-president, A.B.A. Savings and Mortgage Division and senior vice-president, Northwestern National Bank, Minneapolis.

"Soliciting Savings Funds," by Thomas C. Boushall, president, The Bank of Virginia, Richmond.

"Rates of Interest on Savings," by J. R. Dunkerley, deputy manager, A.B.A., and secretary, Savings and Mortgage Division.

"The Reviving Role of Interest Rates," by George B. Roberts, vice-president, National City Bank of New York.

## School Savings Forum

Tuesday, March 4, 4 P.M.

Call to Order, Ralph W. Matteson, chairman, Committee on School Savings Banking, Savings and Mortgage Division, and vice-president, Savings Bank of New London, Conn.

Subjects for discussion, with members of the School Savings Committee participating: (1) "What is the primary philosophy of school savings?"; (2) "Do the plus values justify the cost?"; (3) "How can we evaluate the effectiveness of the school savings program?"; (4) "What kind of leadership is given to the program?"; (5) "Is good sales technique used in the promotion of school savings?"; (6) "To what extent does the bank go in developing teacher know-how?"; (7) "To what extent are pupils used?"; (8) "Installing school banking in the high schools?"; (9) "Maintaining students' school savings activity."

In addition to Mr. Matteson, members of the Committee who will lead the discussion are: Esther M. Kuhn, assistant treasurer, Lee (Massachusetts) Savings Bank; Mercer C. Macpherson, vice-president, The Montclair (New Jersey) Savings Bank; Frank J. Miller, assistant secretary, Savings Bank of Manchester, Conn.; and Millicent A. Trichler, assistant secretary, Dollar Savings Bank, New York.

6 to 7 P.M.

Inspection of School Savings Exhibits from 13 banks in seven states.

President Perry will speak at the dinner on "Who Is Responsible for Thrift Education?"

## Third Session

Wednesday, March 5, 10 A.M.

Presiding, Vice-president Burns.

"A Mortgage Committee in Action," composed of: Joseph R. Jones, vice-president, Security-First National Bank, Los Angeles; Harry Held, vice-president, The Bowery Savings Bank, New York; R. M. Morgan, vice-president, Boston Five Cents Savings Bank; V. R. Steffensen, vice-president, First Security Bank of Utah N.A., Salt Lake City; and H. R. Templeton, vice-president, The Cleveland Trust Company.

"Housing Legislation," by Senator Burnet R. Maybank, chairman, Banking and Currency Committee, United States Senate, Washington.

## Fourth Session

Wednesday, March 5, 2 P.M.

Presiding, President Perry.

"Appraisal Patterns," by Albert W. Lockyer, president, New York League of Appraisers, White Plains, N. Y.

"Economics," by Dr. Marcus Nadler, professor of finance, New York University.

## Bowery's School Bank Exhibit Seen by Thousands

As a tribute to American education, the Bowery Office of the Bowery Savings Bank serving the lower east side of New York City ended the year and started the New Year with a colorful, artistic school bank thrift exhibit by public schools. Three junior high schools and 13 public grade schools in the area served by the bank contributed a wide variety of posters, pictures, handicraft items, ceramics, and a 18 ft. x 4 ft. mural for display.

This exhibit is designed to show the public how the schools and the bank co-operates to teach thrift and economy to the children from the kindergarten through the junior high school grades. In developing this exhibit, the Bowery had the full cooperation of Dr. I. Victor Burger, assistant superintendent of the New York City schools, and a committee composed of school principals, curriculum coordinator, chairman of art, and teachers. The bank was represented on the committee by Chester Schmidt, assistant treasurer, and a Bowery savings bank committee which includes School Savings Manager Cortland Burckhardt.

Eight displays are set up in the spacious entrance to the bank's lobby, each one of which emphasizes one of the following themes: "History of Savings"; "Savings—Key to Happiness"; "Our Children's Ideas About Thrift and Savings"; "What the Bowery Savings Bank is Doing for School Thrift Education"; "Schools' Activities to Teach Thrift"; "Our Small Fry Learn to Be Thrifty"; "Be Thrifty—Make It Yourself"; and "Save by Doing It Yourself." Ceiling spotlights are focused on the exhibits.

The exhibit was seen by thousands of school children and their teachers.

## National Study of Savings Banking

A NATIONAL study of the savings phase of banking was launched last month by the Committee on Savings Management and Operations of the Savings and Mortgage Division of the A.B.A. A

questionnaire has been mailed to approximately 3,500 member banks by the Committee, whose chairman is Ernest L. Pearce, president of the Union National Bank, Marquette, Michigan.

Among information being sought by the Committee are: The turnover of savings deposits, rates of interest paid on savings, and the methods of computing it, activity service charges if made and the customer relations problems resulting if any, a review of competition from other savings institutions in the banks' areas, and suggestions for meeting competition, and the amount and type of advertising and savings promotion being done by the banks with an estimate as to the number of new customers attracted and the dollar volume of new business.

In a covering letter being mailed with the questionnaire, Mr. Pearce says: "Many banks have recently revised their policies in conducting their savings business. Others realize the necessity of change but are uncertain as to proper action to take concerning interest rates, method of computing interest, free balances, and means of meeting competition."

## Bank Board to Act on Interest, Dividend Rates

PROPOSALS to amend regulations governing interest and dividend payments on savings deposits in New York State will be acted upon at a meeting of the Banking Board on February 6, according to Superintendent of Banks William A. Lyon.

Public school pupils get a bang out of visiting Bowery's school bank thrift exhibit. The large mural made by three junior high girls is shown in the background over the entrance



Since 1935 the maximum rate permitted on time deposits has been 2 percent. A number of banks have asked that the restriction be lifted to allow a higher payment. Superintendent Lyon anticipates that the Board at its February meeting will also give consideration to proposed amendments to the general regulation having to do with "days of grace" for commercial bank thrift accounts and with the maximum size of thrift accounts on which the highest rate of interest permitted under the regulation can be paid.

## Tax on Savings Banks Calls for New Powers—Schwulst

"SINCE savings banks are now to be taxed on a basis comparable to commercial banks and with what amounts to a penalty, beyond certain limits, on the retention of earnings as a protective cushion," says Earl B. Schwulst, president of The Savings Banks Association of the State of New York, "it is only logical that savings banks be granted certain added powers to enable them better to serve their depositors under these new conditions."

"Specifically," Mr. Schwulst pointed out, "these powers include: the right to pay a higher proportion of earnings as interest-dividends than the present 2 percent limit allows; the right to extend savings banking to new population centers outside existing city limits; broader investment powers that would enable savings banks to improve earnings while at the same time pro-

viding capital funds for industrial growth; and some extension of mortgage lending to permit the utilization of savings banks' resources jointly for financing of large apartment houses and commercial buildings in cities such as New York, as well as for sound conventional building in adjoining states without recourse to FHA or VA insurance.

"The powers are needed for the savings banks to serve adequately the needs of the savings public."

Mr. Schwulst is chairman and president of the Bowery Savings Bank of New York.

## Thrift Accounts Are Profitable, Say Kansans

"SAVINGS banking is definitely profitable," says the bank management commission of the Kansas Bankers Association in a summary of an analysis of savings earnings of 221 Kansas banks, by size groups.

This study was made to give the Sunflower State banks "a simplified method whereby the individual bank could determine the interest rate that it can profitably pay." Explaining that the commission was not attempting to increase interest rates, it points out "that Kansas banks generally have not developed savings and time deposits to nearly the extent they could profitably do so."

Continuing, the commission stated:

"Banks without time deposits of consequence may be overlooking real opportunities; other banks, without changing their interest rates, may be able to use other means of promotion to increase substantially (without reducing demand deposits) their apparently profitable savings and time deposits."

The commission pointed out that while the ratio of time deposits to total deposits for all U. S. commercial banks is over 24 percent, the ratio for Kansas banks is slightly under 11 percent.

"It would appear," the commission said, "that Kansas banks could materially increase their proportions of time deposits to total deposits and, by doing so, substantially increase their net profits!"

# Housing and Mortgage Credit

News and Comments from Our Savings and Mortgage Division and Other Sources

## "Financing the Home," Homes Council's New Folder

For the average American family whose biggest lifetime investment is building or buying a home, the Small Homes Council of the University of Illinois offers practical advice in a revised and enlarged edition of its circular "Financing the Home."

In addition to describing the various types of mortgage loans which are most commonly used, and the kinds of lending institutions from which loans may be obtained, the circular answers the many questions that anyone seeking mortgage credit needs to know. It covers all steps in financing a home, beginning with how much a family can afford to spend. A table illustrates the annual outlay for home ownership which each \$1,000 borrowed requires, apportioning the costs to such items as interest, taxes, insurance, and upkeep.

The bulletin provides a nontechnical guide for the home-owner-to-be who is unfamiliar with financing procedures, and offers some sound advice. It suggests as a policy for satisfactory home ownership to "borrow as little as necessary, instead of as much as you can." It also cautions against overbuilding or overbuying. "If you spend more for housing than your budget will support, you may have to forego necessities as well as comforts. You may even be obliged to sell your property at a loss—or you may lose it."

PROFESSOR Russell M. Nolen of the University's College of Commerce prepared the circular. Serving as an advisory group were: Thomas L. Nims, Savings and Mortgage Division, American Bankers Association, New York; William H. Scheick, Building Research Advisory Board, National Research Council, Washington, D. C.; Allan F. Thornton, Federal Housing Administration, Washington, D. C.; Jonathan Pugh, Home Loan Bank System, Chicago;

William Barts and Carl A. Gode, Jr., Life Insurance Association of America, Chicago; Frank J. McCabe, Jr., and Lindell Peterson, Mortgage Bankers Association of America, Chicago; Donald M. Dailey, United States Savings and Loan League Chicago; Professor James T. Lendrum, Director, Small Homes Council, University of Illinois.

Single copies of the revised "Financing the Home" can be obtained free from the Small Homes Council until April 1, 1952. After that date, it will be available for 10 cents, the same price as the other 24 circulars on housing information which the council has issued.

Charts and pictures, such as the one below, graphically illustrate important home financing principles to guide homebuilders.

## Rankin Bill Would Hike GI Direct Loan Fund \$150-Million

CLOSELY following the announcement by the Veterans Administration that about 15,000 direct home mortgage loans aggregating \$95,000,000 had been made available for sale to private lenders, Representative Rankin (D.,

Miss.) introduced in the House a bill that would authorize the VA to make further direct loans to veterans by increasing the present authorization by \$150,000,000. If approved, this would make a total authorization for this purpose of \$300,000,000. Hearings on the Rankin bill were scheduled for January 17 before the Veterans Affairs Committee at BANKING's press time.

The Housing Act of 1950 authorized the Administration to make home mortgage loans to veterans directly in those areas where private capital was not available for GI 4 percent loans guaranteed by the VA.

Another \$48,000,000 in direct loans had been approved at the time that the 15,000 direct home mortgage loan listing was announced by the VA and are to be available for sale as soon as the funds are fully disbursed.

The average loan amount is approximately \$6,600.

## Mortgage Sales May Be Taxed as Capital Gains

IN cases where banks take mortgages as investments and then, after a period of six months, sell them to a customer, profits from the

sale may, under some circumstances, be considered long-term capital gains and subject to the capital gains taxes, according to the Taxpayer's Interpretation Section of the Internal Revenue Bureau.

This interpretation is explained in the following letter from J. O. Brott, assistant general counsel of the American Bankers Association, to a member bank:

"On your question as to whether mortgages that are held for more than six months when sold result in a capital gain, I explained that the mortgages had been made originally by the bank as an investment and that the bank did not make it a business of holding mortgages for sale to customers. I was advised that under those circumstances the mortgages appear to be capital assets and if a gain was realized on a sale after being held six months or more, such gain would be a long-term capital gain.

"The only problem that might arise would be if the bank made a regular practice of selling mortgages, in which case it might be considered as holding mortgages for sale to customers in the regular course of business. However, occasionally sales from mortgage portfolio would probably not affect the treatment of the mortgages as capital assets and the gain on such sales as capital gains."

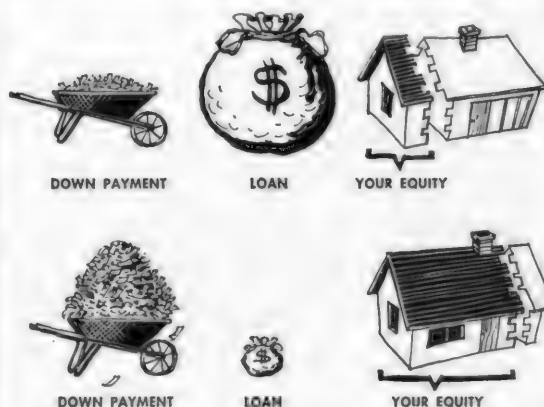
## Opinion Round-up on Home Building, Mortgage Credit

A ROUND-UP of first-of-the-year opinion from various sources on home construction and real estate mortgage lending in 1952 indicates that banks will be able to finance a very large proportion of the estimated 850,000 housing units to be constructed in 1952.

Here are what some of the authorities say about the housing and mortgage credit picture:

AUBREY M. COSTA, president, Southern Trust & Mortgage

This, the bigger the down-payment, the greater the equity, chart is typical of the illustrations in the Homes Council's circular



COURTESY OF SMALL HOMES COUNCIL



Co., Dallas, and president, Mortgage Bankers Association:

"The outlook for new home construction is for a total of not more than 850,000 units with sufficient private mortgage funds available for financing what it appears will be an entirely satisfactory year. The worst phases of the mortgage crisis which characterized most of 1951 appear over.

"In the closing months of 1951 many institutional investors returned to the market and others gradually increased their purchases of mortgage loans. The improvement which will be witnessed in the market in 1952 will be gradual and there will be no sudden rush into the market.

"As to the kind of lending to be done in 1952, the prospects for GI loans are not too favorable. The possibility of

the discount allowance being permitted has been vetoed and an increase in rate seems remote. Thus GI loans will not be attractive in today's investment market, but I believe this position will improve somewhat. The position of FHA loans is better, but the rate for these loans is also out of line with the money market. . . . Conventional mortgage loans will be in good demand and there is every prospect of keen competition for them."

C. Francis Cocke, president of the American Bankers Association, and Carl G. Freese, president of the National Association of Mutual Savings Banks, as quoted by the Mortgage Bankers Association:

MR. COCKE: "With the expectation that there will be adequate materials as well as money for another good year

of housing construction, tentatively set at 850,000 units, there will be keen competition for good, sound mortgages. A conservative estimate of the additional funds which banks will want to put into mortgages in 1952 will be in the neighborhood of \$5-billion, which would finance a very large proportion of the 850,000 homes."

MR. FREESE: "The already noticeable shift to conventional mortgages, where the interest rate can be made to fit the market, will continue. FHA paper will probably be produced in smaller volume and because of the reduced supply, may have a reasonably good market. There is little on the horizon to indicate that VA mortgages, except locally, will be popular with investors or move readily in the secondary market. At some stage, sooner

or later, a solution must be found by the industry if VA paper is to move freely in the private market."

UNITED BUSINESS SERVICE: "A decline in new housing starts will mean a smaller supply of new homes for sale in 1952. Building costs will continue to edge upward. These factors, along with the basic inflationary outlook, point to firm or somewhat higher real estate prices in 1952.

"Potential home buyers will save headaches and possibly considerable money by purchasing ready-built homes rather than trying to build next year.

"Reduced new home building will mean some decline in demand for mortgages. At same time, the supply of mortgage funds will increase somewhat."

## Trust Service

News and Comment from Our Trust Division and Other Sources

### Questions on Trust Functions Feature of Midwinter Meet

PROBLEMS arising from present-day conditions in the operations and administrative phases of the trust business will be discussed and solutions suggested during four of the five sessions of the 33rd Mid-Winter Trust Conference of the American Bankers Association to be held here at The Waldorf-Astoria on February 4, 5, and 6. Joseph W. White, president of the A.B.A. Trust Division and vice-president of the Mercantile Trust Company, St. Louis, said that answers to questions submitted by trust institutions participating in the Conference will be passed upon by a "jury" of leading trust executives during "An Hour of Trust Questions" which will be one of the features on Wednesday morning.

Leonard W. Brockington, C.M.G., K.C., Toronto, Canada, will be guest speaker at the luncheon for delegates given by the New York Clearing House in the Grand Ballroom on Wednesday at



L. W. Brockington

12:45 P.M.; and Dr. Theodore G. Gronert, chairman of the Department of History, Wabash, College, Crawfordsville, Indiana, will address the opening session on Monday morning.

Many practical benefits are anticipated for the 1,000 representatives of banks and trust companies who are expected to participate in the "Get-Acquainted Hour" from 11 o'clock until noon on Monday; a panel on customer and within-the-bank relationships on Monday afternoon; a question period following the address of Dr. Marcus Nadler, professor of finance at New York University, on Tuesday morning; a question period on trust in-

vestments on Tuesday afternoon; and "An Hour of Trust Questions" on Wednesday morning.

### Teachers Insurance Proposes Retirement Equitable Fund

A STUDY for the Teachers Insurance & Annuity Association of America, by TIAA's Vice-president William C. Greenough, covers investment experience in the United States since 1880 and proposes the creation of a College Retirement Equitable Fund. It would invest in common stocks as a supplement to the fixed dollar income offered by traditional annuity plans whose funds are invested primarily in fixed dollar obligations.

The concept provided by the Equities Fund is that of a variable, or unit, annuity, according to Mr. Greenough. The study is issued under the title of *A New Approach to Retirement Income*.

Emphasizing that the proposed Equities Fund is a supplement to and not a replacement for, the standard fixed dollar annuities, Dr.

Greenough points out that "the method of investing planned for the fund combines a number of well-known principles into a broad new pattern." He describes them as follows:

"The principle of diversification among issues of equity investments would be obtained through pooling a portion of the annuity savings of many employers and individuals into a substantial fund invested in hundreds of companies in many industries.

"The principle of diversification over time would be obtained by accepting small payments, month by month and year by year, over a major portion of each participant's working lifetime. . . .

"Effective use would be made of the principle of dollar cost averaging whereby more shares of stock are purchased at low prices than at high. . . .

"Perhaps the most interesting development is the unit annuity. . . . By the use of the traditional life annuity an individual can, with safety, use up capital as well as interest earnings and thereby obtain a substantially higher income throughout the re-



mainder of his life. The unit annuity directly applies that same principle to a new area of investment, common stocks, allowing the individual the assurance again that he can use up both capital and dividend payments without danger of outliving his income."

The incorporation of the proposed College Retirement Equities Fund will require a special act of the New York State Legislature which will be sought at the present legislative session.

The TIAA is located at 522 Fifth Avenue, New York City.

## Trust Services Advertising Campaign Offered by A.B.A. Advertising

A 1952 trust services advertising campaign, consisting of 12 two- to three-column newspaper advertisements and a series of direct mail folders, was released by the Advertising Department of the American Bankers Association at the beginning of the year.

Each of the newspaper ads features an example of "will-power"—an accomplishment made possible because some one made a will. Each ad also



Robert J. Hunter, chairman, Trust Division, Pennsylvania Bankers Association, and L. Merle Campbell, Secretary of Banking in Penna., at the PBA's midwinter Trust Conference

stresses bank services as executor and trustee.

The direct mail folders are offered as a unit in sets of six with an accompanying master trust booklet *Trust Services for You*. Titles of the folders are as follows:

*What You Should Know About the Executor of Your Estate; Four Steps Toward Family Security; Time Waits for No Man; Money Isn't Everything; At Your Service; and Your Voice in the Future.*

The master booklet, *Trust Services for You*, outlines practical steps in planning an estate and making a will.

The Department suggests

that the direct mail pieces be used as statement stuffers as a means of spreading information about trust services over a broader area.

## Commissioner On Trust Investments in Investment Trusts

SPEAKING at the Midwinter Conference of the Pennsylvania Bankers Association's Trust Division, Secretary of Banking L. M. Campbell commented on a pending measure that would "make the shares of investment trusts eligible for trust investment in Penn-

sylvania." In part he said:

"When you accept the trust, that is your responsibility and, in my opinion, you have no right to delegate your powers and responsibilities to another, which is exactly what you are doing when you invest in shares of investment trusts. Neither do I believe that you have the right to load your beneficiaries with a double commission for doing your job.

"Some of the investment companies are well managed, but many of them are purely speculative and would have no place, in my opinion, in the security portfolio of the trustee account. Some 14 of these investment trusts were able to survive the depression. Today we have approximately 160. A great majority of them were organized in the late 1930s or early 1940s and since that time, they have operated in a gradually rising market. A great majority of them have been paying at least 40 percent of their dividends out of capital gains. In my opinion, if you pay out these capital gains to the life tenant as income under our Principal and Income Act and our Supreme Court decisions in regard to maintaining the intact value of principal, you are taking a chance of a possible surcharge.

# Consumer Credit

News and Comment from Our Consumer Credit Department and Other Sources

## National Instalment Credit Conference Set for March 24-26

THE program for the National Instalment Credit Conference, March 24-26 at the LaSalle Hotel in Chicago, is now in preparation. It seeks to present a well-rounded view of the prospects for instalment lending in the months ahead. To that end, invitations to address the meeting have been extended to manufacturers, merchandisers, government officials, and bankers.

Paul M. Welch, chairman of the Consumer Credit Committee of the American Bankers Association, in making formal announcement of the conference, notes that

1952 promises to bring many complex problems and situations that will affect the consumer instalment business. Mr. Welch, who is vice-president of The Citizens & Southern National Bank, Atlanta, Georgia, says that "in the Conference program now being developed, we will attempt to anticipate these problems and discuss them. Commercial banks are the largest single lender group in the consumer instalment field. Therefore, banking must do everything possible to provide leadership so that any economic change will not seriously affect our position."

The Conference is expected to bring over a thousand bankers to Chicago. The program for the three-day meeting will be announced later.

## Plan New Edition of Instalment Lending Directory

THE American Bankers Association's Committee on Consumer Credit will issue a 1952 edition of its *Consumer Instalment Lending Directory*. The directory was issued for the first time in 1946 to promote a nationwide reciprocal collection program. A second edition was published in 1948.

In a letter to the "Officer in Charge of Instalment Credit," the Committee states that "to those banks that have used our directory advantageously, there is little to be said. To the banks that are not familiar with this reciprocal bank collection ar-

rangement we offer the following information.

"With the increased activity by banks in this type of lending, collection problems may increase considerably and skip accounts may become numerous. Our Committee believes that a nationwide collection system will materially reduce bank losses from skip or delinquent instalment accounts. Banks offering their collection services to other banks on a reciprocal basis will derive a distinct benefit in that many such accounts that would normally be charged off are collected.

"The directory will include, among other important features, (1) name and location of each bank engaged in some phases of instalment credit; (2) type of instal-

ment loans handled by each bank; (3) name of the individual in charge of this operation; (4) name of the banks that have agreed to cooperate in this collection service on a reciprocal basis; (5) extent to which each bank has agreed to offer its collection services to other banks; (6) complete instructions regarding procedure to follow in forwarding items for collection; and (7) a suggested form letter of transmittal, including a 'hold harmless' clause."

The Committee on Consumer Credit has received many unsolicited testimony

as to the effectiveness of the program and many suggestions on improving its value. Many bankers have suggested a new edition.

One of the banker-students of The Graduate School of Banking who is writing his thesis on the collection of delinquent instalment accounts, sent a questionnaire to a number of consumer credit bankers. In answer to his questions on the use of the directory, a number of bankers replied to the effect that "our experience has been very satisfactory—and we try to give the same kind of service."

## Why Consumer Borrowers Borrow

THE single most important reason why consumers borrow is to purchase automobiles. Loans for such purchases accounted for over \$5.5-billion of the \$13.2-billion of consumer instalment loans outstanding at the end of October (the latest date for which figures are available). Automobile dealers, as might be expected, initiate more credit than any other single group of dealers of lending agencies. (Automobile dealers, however, usually

hold only a small proportion of the paper they initiate. Most of it is sold almost immediately to a sales finance company or to a bank.) Direct loans of commercial banks account for the next largest total. Commercial banks also purchase substantial amounts of consumer paper from dealers. . . . Counting both direct loans and purchased paper, the banks currently hold about 40 percent of the \$13.2-billion of consumer instalment credit outstanding.

—*Monthly Review*, January, 1952, Federal Reserve Bank of New York

## CALENDAR

### American Bankers Association

Feb.	4-6	33rd Annual Mid-Winter Trust Conference, Waldorf-Astoria, New York, N. Y.
Feb.	7-8	A.B.A. Agricultural Commission A.I.B. Textbook Committee, Memphis, Tennessee
Feb.	28-29	A.B.A. Country Bank Operations Commission, Alexandria, Louisiana
Mar.	3-5	Annual A.B.A. Savings and Mortgage Conference, Statler Hotel, New York, N. Y.
Mar.	6-7	A.B.A. Savings and Mortgage Division Committee on Real Estate Mortgages, New York, N. Y.
Mar.	6-7	A.B.A. Agricultural Commission—Annual Meeting, Roanoke, Virginia
Mar.	24-26	A.B.A. National Instalment Credit Conference, LaSalle Hotel, Chicago, Illinois
Apr.	20-22	A.B.A. Spring Council Meeting, Greenbrier Hotel, White Sulphur Springs, West Virginia
June	2-6	American Institute of Banking Annual Convention, Rice Hotel, Houston, Texas
Aug.	13-15	Western Regional Trust Conference, Olympic Hotel, Seattle, Washington
Sept.	28-30	78th Annual Convention, Atlantic City
Nov.	13-14	Mid-Continent Trust Conference, Adolphus Hotel, Dallas, Texas

### State Associations

Apr.	6-8	Florida, Vinoy Park Hotel, St. Petersburg
Apr.	15-17	Georgia, The Bon Air, Augusta
Apr.	16-18	New Jersey, Chalfonte-Haddon Hall Hotel, Atlantic City
Apr.	17-19	New Mexico, LaCaverna Hotel, Carlsbad
Apr.	27-29	Louisiana, Buena Vista Hotel, Biloxi
May	6-7	Tennessee, The Read House, Chattanooga
May	7-9	Kansas, Topeka
May	8	Delaware, du Pont Country Club, Wilmington
May	8-9	Indiana, Claypool Hotel, Indianapolis
May	8-11	North Carolina, The Carolina Hotel, Pinehurst
May	9-10	North Dakota, Paterson Hotel, Bismarck
May	12-13	Texas, Galvez Hotel, Galveston
May	12-14	Missouri, Jefferson Hotel, St. Louis
May	15-16	Oklahoma, Skirvin Tower Hotel, Oklahoma City

May	16-17	South Carolina, Ocean Forest Hotel, Myrtle Beach
May	19-21	Mississippi, Buena Vista Hotel, Biloxi
May	22-23	Alabama, Jefferson Davis Hotel, Montgomery
May	22-24	California, Fairmont Hotel, San Francisco
May	25-27	Maryland, Chalfonte-Haddon Hall Hotel, Atlantic City
May	25-28	Virginia, Roanoke Hotel, Roanoke
May	26-28	Arkansas, Arlington Hotel, Hot Springs
June	2-4	Illinois, Sherman Hotel, Chicago
June	2-4	Pennsylvania, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.
June	4-5	Ohio, Neil House, Columbus
June	6-7	Wyoming, Saratoga Inn, Saratoga
June	8-10	Idaho, The Lodge, Sun Valley
June	11-12	Minnesota, St. Paul Hotel, St. Paul
June	11-15	Dist. of C., The Homestead, Hot Springs, Va.
June	12-14	Massachusetts, New Ocean House, Swampscott
June	13-14	Utah, Grand Canyon Hotel, North Rim
June	13-14	New Hampshire, Wentworth-by-the-Sea, Portsmouth
June	13-14	Vermont, The Equinox House, Manchester
June	15-17	Oregon, Marion Hotel, Salem
June	16-18	Wisconsin, Schroeder Hotel, Milwaukee
June	19-21	Colorado, Colorado Hotel, Glenwood Springs
June	19-21	Montana, Many Glacier Hotel, Glacier Natl. Park
June	19-21	New York, Spring Lake, N. J.
June	19-21	Washington, Chinook Hotel, Yakima
June	20	Connecticut, Equinox Hotel, Manchester, Vt.
June	20-22	Maine, Poland Spring House, Poland Spring
June	26-29	Michigan, Grand Hotel, Mackinac Island
June	27-28	New Jersey Savings, Monmouth Hotel, Spring Lake
July	18-19	West Virginia, The Greenbrier & Cottages, White Sulphur Springs
Sept.	11-14	Mass. Savings, Mt. Washington Hotel, Bretton Woods, N. H.
Sept.	21-24	Maine Savings, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct.	14-15	Conn. Savings, Mountain View House, Whitefield, N. H.
Oct.	19-22	Iowa, Fort Des Moines Hotel, Des Moines
Nov.	6-8	New York Savings, Greenbrier and Cottages, White Sulphur Springs, W. Va.
Nov.	10-11	Nebraska, Lincoln

# Careers for Bank Women II

MARY B. LEACH

**T**HIS is the second in a series of two articles. Before introducing more biographical sketches of the individual members of the National Women's Committee of the American Institute of Banking, we give you a few facts on who is chosen, what the committee does, and why the Institute has such a committee.

## Who—

The Committee's membership of 12 represents the geographical areas of the United States, each member being chosen because she is an outstanding person in her community who can be counted upon to inspire and assist chapter leaders in the district.

## What the Committee Does—

(1) It emphasizes especially to women that in banking every person is the architect of his own future; that in building from a foundation of knowledge, each individual makes his own opportunities.

(2) It develops leadership in bank women and promotes more opportunities for leadership by pointing out the contribution that *trained* women can make to the banking industry.

(3) It enlists the aid of bank management to encourage, to a greater degree, women employees to avail themselves of the opportunities which the Institute offers.

## Why the Committee is Necessary—

In view of the fact that a majority of women employed by banks are married and the increased mechanization of bank operations makes new levels of employee training essential, it is felt that women need a spokesman to help in planning a program which will benefit bank management, Institute leadership, and personal development. The Women's Committee believes that its function at present is to analyze these basic changes, relate them to existing circumstances, and strive for a better understanding of the needs of all concerned.

The 12 women who were chosen



Allalee Babbidge



Birdie Leigh Eva



Mary B. Larkin



Sarah W. Renna

to work with Chairman BARBARA PENDLETON in steering the Committee activities are again presented:

ALLALEE A. BABBIDGE, Buffalo; DOROTHY J. BUSH, Pittsburgh; JESSIE COGAN, Los Angeles; CALLIE DEACONSON, Wilmington; BIRDIE LEIGH EVA, Austin; MARION E. HICKEY, Sacramento; EDITH H. KESSLER, Wichita; MARY B. LARKIN, Boston; INGA K. PETERSON, Racine; SARAH WARING RENNA, Jacksonville; DORIS VAN DELLEN, Grand Rapids; and MARY WILLIAMS, Seattle.

## More Career Highlights

And here are brief sketches of the training of these women, which will give an idea of the caliber of talent selected for this Committee's work:

Miss BABBIDGE joined the staff of the Marine Trust in 1938 following graduation from business school. After nine years with the personal loan department she transferred to the personnel department. She edits the employees' house organ. *The Mariners' Log*; is chief analyst in the bank's job evaluation program; and interviews and tests job applicants. She has earned her prestandard certificate and has several credits toward her standard; she is a past editor of *The Buffalo Banker*; and has served as secretary of her chapter's women's committee.

Miss BUSH is a secretary in the credit department of the Colonial Trust in Pittsburgh. She has been an active member of the Institute since 1945; has taken several A.I.B. courses; and has held various committee assignments, including membership on the chairman of the

women's committee of Pittsburgh Chapter; has been her bank's consul; and was a member of the 1951 convention arrangements committee.

Miss COGAN is a secretary in the bond department of the Security-First National Bank of Los Angeles. She has completed several A.I.B. courses and since 1948 has been an active member of her chapter's women's committee. She has served as entertainment chairman, vice-chairman, and chairman.

At present, Miss COGAN is assisting Chairman PENDLETON in the preparation of a pamphlet for use in introducing the A.I.B. to new women employees.

Miss DEACONSON joined the file department of the Wilmington Trust and subsequently has worked in various departments of the bank. She is now a secretary in the estate settlement division of the trust department. In 1950, when the bank wire came into use, she organized the bank's wire department and trained the operators.

For the past six years Miss DEACONSON has been an active member of Wilmington Chapter; she has taken several Institute courses; and has served as representative, secretary, vice-chairman, and chairman of the women's committee.

Last year Miss EVA, who is head of the general control and analysis department of the American National Bank, was president of the Austin Chapter—the only woman to have held this office, or, for that matter, any office in the chapter. Other chapter offices held by Miss EVA include the following: member, board of governors, treasurer, sec-

(CONTINUED ON PAGE 96)

# Only STEEL can do so many jobs

**HIGH STEPPERS.** These are not the legs of a giantess . . . but leg forms of U-S-S Stainless Steel used in the pre-boarding process of a nationally-famous hosiery mill. Stockings are slipped over these forms, then set to size and shape in a steam cabinet at 252°F. Stainless Steel forms prevent snagging of the hosiery, because even under rough handling and wide variations of temperature, the steel surface does not develop nicks or burrs, and it will stay smooth and maintenance-free for many years.



## FACTS YOU SHOULD KNOW ABOUT STEEL

The citizens of the United States use more steel than any other commodity except water. This year, American steel mills will produce the equivalent of almost 1400 pounds of steel for every man, woman and child in the nation!

**FUEL DUMP** at a foreign base of the American Air Force. U.S. Steel is a leading maker of steel drums such as these for shipment and storage of military supplies . . . and also helps to supply great quantities of steel for other "musts" of the defense program. But because United States Steel is big, and still expanding its production facilities, it is able to make steel for many essential everyday uses, too.



ny jobs so well



**CITY CHILDREN**, all too often, never see in the flesh the cows, chickens, pigs, mice and other domestic animals that are commonplace to rural tots. In Pittsburgh's new Children's Zoo, these animals are on display, and attract thousands of small, delighted spectators every week. Shrubbery, walk-ways and borders are protected by famous Cyclone Fence, made by United States Steel.



**REVOLUTIONARY FARM IMPLEMENT** does 3 jobs at once. If a farmer wants to plant a second crop, and still have his pasture grass undisturbed, this new machine will do it neatly. It seeds, fertilizes and renovates a pasture in a single operation, without plowing up and destroying established sod. Only steel can do so many jobs so well.



**HIGHEST LIFT LOCKS IN THE WORLD.** These miter gates at the new McNary Dam on the Columbia River are reputed to be the highest lift locks yet built. The lift is 92 feet, while the gates of themselves are almost 105 feet high, and have a total weight of 381 tons. These huge gates were fabricated and erected by United States Steel.



This trade-mark is your guide to quality steel

Listen to... The Theatre Guild on the Air, presented every Sunday evening by United States Steel. National Broadcasting Company, coast-to-coast network. Consult your newspaper for time and station.

**UNITED STATES STEEL** *Helping to Build a Better America*

AMERICAN BRIDGE... AMERICAN STEEL & WIRE and CYCLONE FENCE... COLUMBIA-GENEVA STEEL... CONSOLIDATED WESTERN STEEL... GERRARD STEEL STRAPPING... NATIONAL TUBE... OIL WELL SUPPLY... TENNESSEE COAL & IRON... UNITED STATES STEEL PRODUCTS... UNITED STATES STEEL SUPPLY... Divisions of UNITED STATES STEEL COMPANY, PITTSBURGH  
GUNNISON HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY

## Careers for Women II

(CONTINUED FROM PAGE 93)

retary, vice-president, and consul.

In her spare time, Miss EVA does some professional modeling. Her photograph has recently appeared on the cover pages of two Texas magazines with wide circulations.

Mrs. HICKEY entered banking in 1943, starting as a bookkeeper. After working in just about every department of the old Capital National Bank (now a branch of Anglo California National Bank), she transferred to the Fruitridge Office of the Anglo California in Sacramento, where she is a secretary.

Chapter offices held by Mrs. HICKEY include membership on the board of governors, secretary, vice-chairman, and chairman of the women's committee. Her husband, Benjamin C. Hickey, is employed by the American Trust Company in Sacramento and is a member of the chapter's board of councils.

Before entering banking about six years ago, Miss KESSLER received her B.S. degree in home economics from the Kansas State College of Agriculture and for more than two years taught and supervised in nursery school. Since joining the Fourth National in Wichita, where she does escrow work, she has completed several A.I.B. courses. She has served on Wichita Chapter's women's committee.

MISS LARKIN entered the employ of the Federal Reserve Bank of Boston in 1936 and has earned her prestandard and standard certificates. She has already completed 18 chapter courses. Her job is that of supervisor of the reissue division of the United States Savings Bond unit. In addition to serving as consul for 10 years, she has held various women's committee posts, including the chairmanship.

Mrs. PETERSON joined the Farm-

Marie Olsen



Martha Lerch



ers & Merchants Bank of Racine, where she is a teller, seven years ago and has been active in the A.I.B. for six years. She has been chairman of the women's committee, and secretary, vice-president, and president of Racine Chapter. She is the mother of four children. One daughter has also chosen banking as a career.

Mrs. RENNA became associated with the Atlantic National of Jacksonville in 1945 and held a variety of positions before transferring this past summer to The Citizens & Southern National in Atlanta, where she is instructor in the money department, which involves training new tellers.

She has been active in Jacksonville Chapter since 1946 and has completed several educational courses. In addition to having held several chapter offices, she has attended and addressed regional officers' conferences.

Mrs. RENNA paints in oils and water colors and has entered her works in southern regional exhibits.

A GRADUATE of Calvin College, Miss VAN DELLEN has been with The Michigan Trust Company of Grand Rapids and a member of the A.I.B. for nine years. She is manager of the stenographic department and assistant to the personnel director.

She is serving her second term on the board of governors, has been member and chairman of the women's committee, editor of *Chapter Chatter*, and director of the Grand Rapids A.I.B. Choir.

Miss WILLIAMS has been with the Peoples National of Washington for about six years, where she is manager of the new accounts department.

In addition to completing courses leading to the prestandard certificate, Miss WILLIAMS has served on the chapter's board of governors for four years and has been chairman of membership, education, social activities, and women's committees. She has also been a member of the bowling team, the Athena Club (public speaking), and at present is vice-chairman of the Bank Women of Seattle.

### Councilmen

The Executive Council, consisting of 12 elected members and three *ex officio* members, is the governing body of the Institute. Each elected



Doris Van Dellen



Mary Williams

member is nominated by his local chapter of the Institute and elected for a three-year term by the delegates to the national convention to which his name is presented. Duties of the Councilmen include the organization of new chapters and study groups in their respective districts. Each may select as many associate councilmen as are needed to advance the organization work. Three women, as follows, were named to serve this year: MARIE M. OLSEN, assistant cashier, First National Bank of Glen Cove, New York, was named by LEROY S. CLARK, Marine Midland Trust Co., of New York; M. AGNES NEWMAN, Dakota National Bank, Fargo, was named by EMMETT J. ERICKSON, Farmers & Mechanics Savings Bank, Minneapolis; and MARTHA R. LERCH, Commercial National Bank, Charlotte, was named by NEWTON I. GRAY, National Bank of Commerce of Norfolk.

In general, women, like men, are chosen for high office in the Institute because of their proved leadership and the fact that they have taken advantage of the educational opportunities offered by the Institute. These associate councilwomen, as their records reveal, are no exception:

### Associate Councilwomen

Miss LERCH has been auditor of the Commercial National Bank of Charlotte since 1943. She received her graduate certificate in 1945; has served two terms as chapter president, after filling all other offices; was a three-term member of the National Women's Committee; served on the National Membership and Enrolment, Public Speaking, Forum and Seminar committees and is now serving her fourth year as associate councilman for North Carolina.

She has participated in two district public speaking contests, made seven appearances on regional conference programs, has attended four

(CONTINUED ON PAGE 99)



# THE ROYAL BANK OF CANADA

*Head Office, Montreal*

JAMES MUIR  
*President*

T. H. ATKINSON  
*General Manager*

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## *Condensed Annual Statement* as on 30th November, 1951

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### ASSETS

Cash, checks and balances with other banks.....	\$ 488,057,439.27
Government and other public securities, not exceeding market value .....	966,599,447.51
Other securities, not exceeding market value.....	112,814,278.72
Call loans .....	57,127,893.68
Other loans and discounts.....	790,892,934.40
Liabilities of customers under letters of credit.....	73,925,750.72
Other assets .....	26,227,464.38
	<u>\$2,515,645,208.68</u>

### LIABILITIES

Capital, reserve and undivided profits.....	\$ 89,633,371.69
Notes in circulation.....	155,987.46
Deposits .....	2,350,314,347.75
Letters of credit outstanding.....	73,925,750.72
Other liabilities .....	1,615,751.06
	<u>\$2,515,645,208.68</u>

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### *Over 760 Branches*

IN CANADA, ARGENTINA, BRAZIL, BRITISH GUIANA, BRITISH HONDURAS,  
COLOMBIA, PERU, URUGUAY, VENEZUELA, CUBA, HAITI, PUERTO RICO,  
DOMINICAN REPUBLIC, BRITISH WEST INDIES. OFFICES IN NEW YORK,  
LONDON AND PARIS. CORRESPONDENTS THE WORLD OVER.

#### *London Branches*

6 Lothbury, E. C. 2

2 Cockspur S. W. 1

#### *Auxiliary in France*

THE ROYAL BANK OF CANADA (FRANCE)

Paris

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NEW YORK AGENCY  
68 William Street

EDWARD C. HOLAHAN  
JOSEPH W. GANANN  
*Agents*

# "Remington Rand met our specific needs in many departments

*That's why we use so much  
of their equipment"*



*says* **Mr. Leonard L. Berglund**  
*Assistant Vice-President  
in Charge of Operations*  
**Northwestern National Bank  
of Minneapolis**

**O**NE REASON so many banks make wide use of Remington Rand equipment is that we offer them the widest possible choice of methods and equipment to do each job in each department. Since "we make them all," we have no incentive to recommend any specific method . . . we can honestly concentrate on finding which machine or method is best *for you*. Call your nearest Remington Rand office; put your problems squarely up to our banking specialists. Or write Management Controls Division, Room 1669, 315 Fourth Ave., N. Y. 10.

***Remington Rand***



For certified protection against fire . . . for quick and accurate filing and posting, cancelled checks are kept in this Remington Rand Safe-Desk.



For resultful control of Business Development, the Northwestern National, like many other progressive banks, uses a Kardex record.



Savings ledgers and signature cards have absolute security in a Remington Rand Savings Desk-Safe certified to safeguard contents for 4 hours.



The trust accounting department benefits by the low-cost, high-speed operation of Remington Rand punched-card equipment—also uses profitably a Remington Rand Accounting Machine.



## Loans to Grass Farmers

(CONTINUED FROM PAGE 61)

ing methods has contributed to these improved farming practices—better feed for livestock and more efficient use of human labor. The years ahead should tell whose thinking has been correct. During the last few years on a continually rising market "only a genius could make a mistake."

Our customers are constantly advised to avoid allowing the pleas for more cotton or anything else stop them from pushing improved pastures. Grassland farming and animal agriculture are as twins. Only pastures must come before livestock. And pastures must be planted, fertilized, and cared for faithfully.

### New Agricultural Era

There is a plant or combination of plants for each area and each season of the year. In every community there is an agricultural worker who can furnish the seeding date, rate, and combinations of plants to use. Grassland farming brought us a new agricultural era. We are trying to make a living, growing grass. We are trying to get away from row crops. There is a noticeable difference in those sections where grassland farming has taken over. The people have nice homes, nice farms, and money in the bank. That's what we want.

From the banker viewpoint, the interesting feature of grassland farming is seeing farms get out of debt—"from red ink to green grass."

## Careers for Women

(CONTINUED FROM PAGE 96)

national conventions, and was on public speaking conference panel at the Buffalo convention.

Miss LERCH has earned both the Standard and Graduate certificates of the A.I.B.

Miss NEWMAN is assistant cashier of the Dakota National of Fargo and devotes her attention to many phases of the loan and discount department's work. She began her banking career in 1930 and has been active in the A.I.B. both locally and nationally, for many years. She has held every office in Fargo Chapter and is the only woman to have served

# Guaranty Trust Company of New York

140 BROADWAY

FIFTH AVE. AT 44th ST. MADISON AVE. AT 60th ST. † LONDON PARIS  
ROCKEFELLER PLAZA AT 50th ST. BRUSSELS

### Condensed Statement of Condition, December 31, 1951

#### RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers . . . . .	\$ 862,777,767.12
U. S. Government Obligations . . . . .	696,004,298.76
Loans and Bills Purchased . . . . .	1,384,002,465.10
Public Securities . . . . .	\$ 61,013,073.24
Stock of Federal Reserve Bank . . . . .	9,000,000.00
Other Securities and Obligations . . . . .	56,523,065.47
Credits Granted on Acceptances . . . . .	13,486,849.70
Accrued Interest and Accounts Receivable . . . . .	13,644,346.73
Real Estate Bonds and Mortgages . . . . .	35,039,842.87
Bank Premises . . . . .	4,966,954.59
Other Real Estate . . . . .	15,860.82
<b>Total Resources . . . . .</b>	<b>\$3,136,474,524.40</b>

#### LIABILITIES

Capital . . . . .	\$100,000,000.00
Surplus Fund . . . . .	200,000,000.00
Undivided Profits . . . . .	77,965,140.53
Total Capital Funds . . . . .	\$ 377,965,140.53
Deposits . . . . .	2,699,811,616.53
Foreign Funds Borrowed . . . . .	225,000.00
Acceptances . . . . .	\$ 19,588,135.84
Less: Own Acceptances Held for Investment . . . . .	4,744,085.78
	\$ 14,844,050.06
Dividend Payable January 15, 1952:	
Regular . . . . .	3,000,000.00
Extra . . . . .	2,000,000.00
Items in Transit with Foreign Branches . . . . .	558,889.11
Reserve for Expenses and Taxes . . . . .	24,158,288.98
Other Liabilities . . . . .	13,911,539.19
<b>Total Liabilities . . . . .</b>	<b>\$3,136,474,524.40</b>

Securities carried at \$208,818,990.91 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND  
Chairman of the Board

WILLIAM L. KLEITZ  
President

THOMAS P. JERMAN  
Vice-President

#### DIRECTORS

GEORGE G. ALLEN

Chairman of the Board,  
Duke Power Company

RAYMOND C. GAUGLER

President,  
American Cyanamid Company

F. W. CHARSE

Chairman, Executive  
Committee, Union Pacific Railroad Company

LEWIS GAWTRY

Chairman of the Board,  
Anaconda Copper Mining Company

J. LUTHER CLEVELAND

Chairman of the Board

CORNELIUS F. KELLEY

Chairman of the Board,  
The M. W. Kellogg Company

W. PALEN CONWAY

President,  
The Presbyterian Hospital in the City of New York

MORRIS W. KELLOGG

Chairman of the Board,  
Air Reduction Company, Inc.

CHARLES P. COOPER

President,  
The Columbia Gas System, Inc.

WILLIAM L. KLEITZ

President,  
The Prudential Insurance Company of America

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Chairman of the  
Board, Crane & Co., Inc., Dalton, Mass.

CHARLES S. MUNSON

Chairman of the Board,  
Air Reduction Company, Inc.

STUART M. CROCKER

Chairman of the Board,  
The Columbia Gas System, Inc.

WILLIAM C. POTTER

of Roosevelt & Son  
President,

JOHN W. DAVIS

of Davis Polk Wardwell  
Sunderland & Kiehl

GEORGE E. ROOSEVELT

of Roosevelt & Son  
President,

CHARLES E. DUNLAP

President,  
The Berwind-White Coal Mining Company

CARROL M. SHANKS

Chairman, Executive  
Committee, Illinois Central Railroad Company

GANO DUNN

President,  
The J. G. White Engineering Corporation

EUGENE W. STETSON

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International Business Machines Corporation

WALTER S. FRANKLIN

President,  
The Pennsylvania Railroad Company

THOMAS J. WATSON

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International Business Machines Corporation

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President,  
The Pennsylvania Railroad Company

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Mr. Stuart L. Brown, President,  
American National Bank & Trust Co.,  
Danville, Va.



## How American National Bank & Trust Co. Advertises Effectively

"For years," says Mr. Stuart L. Brown, President of the American National Bank & Trust Co., Danville, Va., "we have been locally identified with radio news programs of one kind or another. With the outbreak of war in Korea we felt that there was a renewed interest in news commentary programs.

"It was in searching for a program of this type that we were able to obtain the Fulton Lewis, Jr. program," continues Mr. Brown. American National began sponsorship of Fulton Lewis, Jr. in September, 1950, on Radio Station WDVA. Because of its large, loyal audience and consistently high listener ratings, the program has done an exceptional job for the bank. Mr. Brown concludes, "we are continuing the program indefinitely."

The Fulton Lewis program is a Mutual Co-op Program available for sale to local advertisers in individual cities at low, pro-rated talent cost. Among the 623 sponsors of the program (on 370 Mutual stations), there are 55 banks and financial institutions. Since there are more than 500 MBS stations, there may be an opening in your locality. For a proved and tested means of reaching customers, check your local Mutual outlet—or the Co-operative Program Department, **Mutual Broadcasting System**, 1440 Broadway, New York City 18 (or Tribune Tower, Chicago 11).



Agnes Newman

○ ○ ○



Jackie Greer

as chapter president. She has several credits toward the standard and graduate certificates.

Nationally, Miss NEWMAN has served on the Women's Committee and is serving her second term as associate councilman.

Last May Miss NEWMAN was named chairman of the educational committee of the North Dakota Bankers Association, after a two-year committee membership. She has directed the North Dakota School for Junior Bankers conducted by the North Dakota Agricultural College, the North Dakota Bankers Association, and the Fargo Chapter of the A.I.B.

Her interests are too numerous to enumerate, but include membership in the Association of Bank Women, the National Federation of Business and Professional Women's Club, and the Fargo Chamber of Commerce.

Miss OLSEN is assistant cashier of the First National Bank of Glen Cove, where her sister, HELEN M. OLSEN, is cashier.

She is a graduate of the Nassau County Chapter; has served on her chapter's board of governors; has been chief consul, chairman of the women's committee, chairman of the public speaking and debate committee (three years), treasurer, and at present is chapter vice-president.

Nationally, she has been a member of the Women's Committee; participated in the 1949 and 1951 regional officers' conferences; and was a member of the Women's Committee and Smaller Chapter Administration panels at the Institute's convention in Minneapolis in 1950.

**A** NUMBER of other women have served as associate councilmen of the Institute from time to time. One of these, about whom we shall hear considerable during the year, is JACKIE GREER, assistant cashier in charge of personnel administration, The First National Bank of Houston, Texas.

Mrs. GREER, who had six years of banking experience before joining the First National in January 1943, has been named secretary of Houston Chapter's National Convention Committee and will assist in arranging for the A.I.B.'s annual convention in Houston next June. In addition to a degree in Business Administration from Texas State College for Women, Mrs. GREER has taken graduate work in personnel administration at Texas A & M College, and holds the Institute's Standard Certificate.

In addition to having been an associate councilman in 1947-48, she has held a number of chapter offices. At present she is serving as second vice-president of Houston Chapter. She is also active in civic affairs.

These brief sketches add up to a great deal of progress for women in banking and as working members of the American Institute of Banking. With this kind of leadership, women bankers may expect to see much more progress in the future.

# IRVING TRUST COMPANY

## NEW YORK

### STATEMENT OF CONDITION DECEMBER 31, 1951

#### ASSETS

Cash and Due from Banks . . .	\$ 393,266,491
U. S. Government Securities . .	328,382,046
U. S. Government Insured	
F.H.A. Mortgages . . . . .	13,731,996
Other Securities . . . . .	26,377,052
Stock in Federal Reserve Bank .	3,150,000
Loans and Discounts . . . . .	588,865,241
First Mortgages on Real Estate .	917,078
Banking Houses . . . . .	15,213,942
Customers' Liability	
for Acceptances Outstanding .	16,111,449
Other Assets . . . . .	3,936,730
	<u>\$1,389,952,025</u>

#### LIABILITIES

Capital Stock . . . . .	\$ 50,000,000
Surplus . . . . .	55,000,000
Undivided Profits . . . . .	14,579,208
Total Capital Accounts . . .	119,579,208
Deposits . . . . .	1,241,432,770
Reserve for Taxes and	
Other Expenses . . . . .	5,949,255
Acceptances: Less Amount	
in Portfolio . . . . .	18,111,285
Other Liabilities . . . . .	4,879,507
	<u>\$1,389,952,025</u>

United States Government Securities are stated at amortized cost.  
Of these, \$46,218,307 are pledged to secure deposits of public  
monies and for other purposes required by law.

#### DIRECTORS

**WILLIAM N. ENSTROM**  
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*President*

**HARRY E. WARD**  
*Honorary Chairman*

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**HIRAM A. MATHEWS**  
*Senior Vice President*

**ROY W. MOORE**  
*President,  
Canada Dry Ginger Ale, Inc.*

**MICHAEL A. MORRISSEY**  
*Honorary Chairman,  
The American News Company*

**PETER S. PAINE**  
*President,  
New York & Pennsylvania Co.*

**LEROY A. PETERSEN**  
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United States Tobacco Company*

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**WILLIAM J. WARDALL**  
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**FRANCIS L. WHITMARSH**  
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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# IT'S A SNAP...



**the new Todd**



**Personal Money Order**

Just take in the customer's money—fill out the amount—snap the P.M.O. apart and the whole transaction is completed *in less than a quarter of a minute*. Pre-numbered, triplicate snap-apart forms give the complete control that bank auditors demand.

Tellers like Todd P.M.O.'s because they cut down issuing time and detail work. There are no stubs to write—no application forms to check and handle—no official bank signatures required. The customer signs his own P.M.O. *and he likes it that way*. It's like writing his own personal check.

Banks all over the country report that Todd P.M.O.'s sharply reduce lobby lines and tellers' work and cut bank operating costs on items of this type as much as 60%. Get the time-saving, profit-making facts today—by using the coupon below. *Mail it now.*

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COMPANY, INC.

ROCHESTER NEW YORK  
SALES OFFICES IN PRINCIPAL CITIES  
DISTRIBUTORS THROUGHOUT THE WORLD

THE TODD COMPANY, Inc., Dept. B  
Rochester 3, N. Y.

Please give us full information regarding the new Register  
Check Personal Money Orders.

Bank \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

By \_\_\_\_\_

B-2-52

## Better LAYOUT

(CONTINUED FROM PAGE 51)

**Foot-candle**—A unit of measurement applied to light, just as "inch" is a unit of measurement applied to lineal distance. Technically, it is the amount of light supplied by a specific type of candle at a distance of one foot.

**Louver**—Metal blades set at right angles in the familiar egg-crate pattern. The depth of the blades varies from 50 to 100 percent of the distance between them.

**Louverall**—Full ceiling lighting system with louvers placed below the light source to diffuse and shield the light. Louverall is a direct lighting type.

**Luminous Panels**—Plastic translucent panels placed under the light source. Panels are usually corrugated to diffuse the light. Luminous panel ceilings should be broken up with projecting wedges or beams to improve direct view comfort.

**Troffer**—A reflecting trough recessed in the ceiling. It may be open, louvered or covered with diffusing material.

**Luminaires**—Units of varying lengths containing from one to four fluorescent tubes. These units usually have louvers below the light source and may have opaque or luminous sides. Luminaires are usually designed to produce both direct and indirect lighting.

**Recessed Spotlights (Down Lights)**—Filament bulbs placed in reflectors, similar to those used for automobile headlights, and recessed in the ceiling. They can be used to highlight a specific object or, when used in groups, for general illumination.

**Coves (Cove Lighting)**—A form of indirect lighting for which the light source is hidden behind a molding, valance, or cornice so that light is reflected from the ceiling.

**Coffers**—This term is applied to a variety of lighting installations which involve the use of sunken or recessed panels. The effect is similar to cove lighting.

### Principles of Good Lighting

**1. Stop Glare**—Glare causes eye strain. It often produces tired eyes or a splitting headache. Glare can be largely eliminated by observing the following precautions:

(CONTINUED ON PAGE 104)



**CENTER  
OF A  
GREAT  
INDUSTRIAL  
AREA  
•  
GATEWAY  
TO A  
GREAT  
DOMINION**

## STATEMENT OF CONDITION, DECEMBER 31, 1951

### RESOURCES

Cash on Hand and Due from Other Banks	\$ 387,038,331.11
United States Government Securities	701,176,316.41
Other Securities	98,645,040.74
<b>Loans:</b>	
Loans and Discounts	\$ 292,451,914.16
Real Estate Mortgages	61,859,650.42
Accrued Income and Other Resources	354,311,564.58
Branch Buildings and Leasehold Improvements	6,573,366.38
Customers' Liability on Acceptances and Letters of Credit	2,790,897.86
	4,302,060.64
	<u>\$1,554,837,577.72</u>

### LIABILITIES

<b>Deposits:</b>	
Commercial, Bank and Savings	\$1,361,961,355.93
United States Government	74,569,114.76
Other Public Deposits	34,729,829.93
Accrued Expenses and Other Liabilities	\$1,471,260,300.62
Dividend Payable February 1, 1952	9,069,084.22
Acceptances and Letters of Credit	750,000.00
	4,302,060.64
<b>Capital Funds:</b>	
Common Stock (\$10.00 Par Value)	\$ 15,000,000.00
Surplus	45,000,000.00
Undivided Profits	9,456,132.24
	69,456,132.24
	<u>\$1,554,837,577.72</u>

*United States Government Securities carried at \$134,477,819.97 in the foregoing statement are pledged to secure public deposits, including deposits of \$9,089,181.73 of the Treasurer-State of Michigan, and for other purposes required by law.*

### BOARD OF DIRECTORS

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ROBERT J. BOWMAN  
PRENTISS M. BROWN  
CHARLES T. FISHER  
CHARLES T. FISHER, JR.  
JOHN B. FORD, JR.

B. E. HUTCHINSON  
BEN R. MARSH  
WALTER S. McLUCAS  
W. DEAN ROBINSON  
NATE S. SHAPERO  
R. PERRY SHORTS

GEORGE A. STAPLES  
DONALD F. VALLEY  
JAMES B. WEBBER, JR.  
R. R. WILLIAMS  
C. E. WILSON  
BEN E. YOUNG

# NATIONAL BANK OF DETROIT

32 OFFICES IN DETROIT

Main Office—Woodward at Cadillac Square—Detroit 32, Michigan

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 102)

(a) All windows should be equipped with venetian blinds so that the light which enters through the windows can be diffused and, in the event of strong sunlight, reduced in intensity.

(b) Avoid direct light. Direct light from filament or fluorescent tubes is harsh and more apt to be reflected with harmful results. Good lighting usually means light that is shaded at the eye level and diffused over a wide area.

(c) Avoid glass-topped desks and tables. It is all right for desk and table tops to reflect light, but the surfaces should be light-diffusing.

(d) Machine keys and other desk

equipment should have light-diffusing surfaces.

## 2. Lighten the Color of Desk Tops

—Most of the things we look at on an office desk are white or nearly so. The desk top should reflect 30 to 35 percent of the light falling on it. This reduces the brightness ratio between the paper and the surrounding area. A sharp contrast is harmful to the eyes and very fatiguing. Desk tops should be light in color and nonglossy so that they will not produce glare.

## 3. Lighten Walls and Ceilings—

There is seldom justification for dark walls in a business office. Walls should be painted with so-called "soft" colors, as contrasted with the

strong colors. If the windows open to the east, south or west, shades of blue or green will be attractive and conducive to good seeing. If the windows open to the north or the area to be lighted has no windows at all, they should be painted a soft tan to add warmth. Colors for walls should reflect 50 to 60 percent of the light that falls on them. The monotony of a single color for all walls should be avoided by painting at least one wall a harmonizing color. Ceilings should be white or egg-shell to provide high light reflectance.

**4. Boost Reflectance of Furniture and Machines**—Desk sides, files, and office machines are often a sizable part of a clerical worker's field of view. For these, finishes of 30 to 35 percent reflectance should be provided.

**5. Brighten the Floor**—Light colored linoleum or floor materials should be selected to balance the visual background. If carpeting is used, the material need not be dark to be practical. Wooden floors can be bleached to provide the proper reflectance. Twenty to 30 percent reflectance is suggested for the floor.

**6. Lighten Woodwork and Trim**—These room elements should be bleached or painted. Trim should have a 30 to 35 percent light reflectance. This light woodwork will not attract undue attention if the other surfaces are brought up to modern comfortable finishes.

**7. Place Fixtures at Proper Height**—While the height of the ceiling dictates to a considerable extent how high the lighting fixtures will be, it is desirable to keep the fixtures within 12 to 18 inches of the ceiling. The fixtures should be kept out of the occupant's field of view as far as possible. The difference of a foot or two in height of the fixtures makes only an insignificant difference in the foot candles available at the work levels. When mounting fixtures, attention should also be paid to methods of servicing.

While appearance and comfort generally dictate as high a mounting of fixtures as possible, certain limits should be observed. Light should be rather uniformly distributed across the ceiling. This is particularly true with indirect and semi-indirect units which, therefore, should not be too close to the ceiling. Sus-

(CONTINUED ON PAGE 107)

# The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of December 31, 1951

## RESOURCES

Cash and Due from Banks.....	\$ 86,356,353.13
United States Bonds.....	94,232,899.56
State and Municipal Bonds.....	8,750,119.59
Other Bonds and Securities.....	6,817,173.51
*Loans and Discounts.....	88,237,460.15
Banking Premises Occupied.....	3,563,133.48
Customers' Liability Under Acceptances.....	83,533.91
Income Accrued Receivable and Prepaid Expense.....	609,085.84
Other Resources.....	207,639.54
<b>TOTAL.....</b>	<b>\$288,857,398.71</b>

## LIABILITIES

Capital Stock .....	\$ 8,000,000.00
Surplus .....	10,000,000.00
Undivided Profits .....	2,857,584.47
<b>TOTAL CAPITAL FUNDS.....</b>	<b>\$ 20,857,584.47</b>
Reserve for Dividends, Interest, Taxes, etc. ....	2,051,762.65
Liability Under Acceptances.....	83,533.91
<b>DEPOSITS:</b>	
**Commercial, Bank and Savings.....	260,578,324.98
U. S. Government.....	5,254,355.83
Other Liabilities.....	31,836.87
<b>TOTAL.....</b>	<b>\$288,857,398.71</b>

\*In addition to the Loans and Discounts as shown we had unused Loan Commitments outstanding of \$4,867,116.38.

\*\*Includes \$4,216,289.61 of Trust Money on deposit in the Banking Department, which under the provisions of the Banking Law, Section 710-165 of the State of Ohio, is a Preferred Claim against the Assets of the Bank.

## DIRECTORS

WALTER C. BECKJORD  
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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

# Everyone wants money!



## Millions of Families

with a growing need for money!

... Help them along through Christmas Club

Millions of families in the expanding period of their lives are open-minded to suggestions for the most efficient way to finance their plan of living.

Christmas Club is the key that can open the door of opportunity—for these people—and for you.

For Christmas Club brings these people into the bank and gets them better acquainted with the bank and its services. It provides an easy way for the bank to help them form the habit of saving. And in the great majority of cases they subsequently take out home mortgage or home improvement loans,

start educational funds, rent safe deposit boxes, open checking and savings accounts with the participating institution.

Christmas Club, A Corporation, can help you operate and promote your Christmas Club in such a way that it will create prospects for every service you offer to the public. Why not have the nearest Christmas Club staff member discuss the matter with you . . . at your desk . . . at your convenience? He has every system for efficient operation and a wide variety of proven advertising material to build a profitable program to meet your local needs.

Christmas Club members come from all walks of life



Housewives  
Executives  
Teachers  
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Doctors  
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Insurance men  
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Grocers

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Office workers  
Factory workers  
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Firemen  
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## Christmas Club

A Corporation

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**529** Banks in all parts of the nation have been  
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*President, J. P. Stevens & Co., Inc.*

**WILLIAM WOODWARD, JR.**  
*President, Turner Halley Company*

### Statement of Condition, December 31, 1951

#### ASSETS

Cash and Due from Banks . . . . .	\$ 538,628,798.88
U. S. Government Securities . . . . .	606,459,167.82
State and Municipal Securities . . . . .	38,996,107.56
Other Securities . . . . .	14,069,248.20
Loans and Bills Purchased . . . . .	591,283,410.38
Real Estate Mortgages . . . . .	13,456,051.66
Banking Houses . . . . .	9,300,010.00
Interest Accrued . . . . .	2,805,808.53
Customers' Liability on	
Acceptances Outstanding . . . . .	15,744,982.80
<b>Total</b>	<b>\$1,830,743,585.83</b>

#### LIABILITIES

Deposits . . . . .	\$1,663,228,373.80
Acceptances . . . . .	\$19,959,465.58
In Portfolio . . . . .	2,897,124.22
Reserves:	
Taxes, Interest, etc. . . . .	10,722,085.28
Dividend:	
Payable January 2, 1952 . . . . .	1,200,000.00
Capital . . . . .	\$24,000,000.00
Surplus . . . . .	90,000,000.00
Undivided Profits . . . . .	24,530,785.39
<b>Total</b>	<b>\$1,830,743,585.83</b>

There are pledged to secure public monies and to qualify for fiduciary powers  
U. S. Government Securities carried at \$78,908,256.52

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

*A bank is known by the correspondents it keeps*



(CONTINUED FROM PAGE 104)

pension lengths of one-sixth to one-fourth the ceiling height are generally used. Luminaries should not be too low, of course, since they form a new ceiling line.

Direct-indirect units should be mounted higher than those primarily indirect. Those with luminous sides may often be placed closer to the ceiling than those with opaque sides. More light is directed across the ceiling with luminous-sided units.

**8. Place Fixtures in Proper Position**—Long narrow troffers should be placed perpendicular to the line of vision of the occupants of the area. Luminous-sided louvered luminaires should be placed parallel to the line of vision. In this position the louvers prevent glare and improve eye comfort.

**9. Supply the Proper Amount of Light**—Many experts have set down standards of adequacy with respect to the amount of light required for various types of work. However, so much depends upon the type of work, the seeing conditions, and the quality of light that it is unsafe to establish hard and fast standards. A lighting engineer or an architect who is well informed on this subject should be consulted for assistance in solving such problems. Generally speaking, today's minimums run from 40 to 50 foot-candles for private offices and administrative areas to 70 to 100 foot-candles for office machine and detail working areas.

**10. Keep Fixtures Clean**—Dirt spoils many well planned lighting systems. Sometimes washing as frequently as once a month is economical—in few cases should it be done less frequently than twice a year.

**11. Eliminate Individual Desk Lamps**—Planned lighting calls for sufficient general illumination to make individual lamps unnecessary. Individual lamps usually cause glare and sharp contrast between illuminated and unlighted areas, which causes eyestrain and fatigue.

#### Filament or Fluorescent

As a general rule, filament lights, the common light bulb used in most homes, can be more cheaply installed than can fluorescents. However, over a period of years, the lower operating cost of the fluorescents will more than offset the difference in

## "In Field Warehousing We Like St. Louis Terminal's Bond Coverage"



You'll never find better protection than you get from St. Louis Terminal's fidelity bond and warehouseman's liability policy. Both of them are carried in one of America's largest and strongest companies.

Protection to \$250,000.00 for each location is automatic. Where the exposure at one location exceeds \$250,000.00, coverage is increased to full value of the inventory — also there are several other important added features.

Get complete information from the office nearest you. A copy of the fidelity bond and warehouseman's liability policy is available on request. All you need do is ask for it.

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Waldheim Bldg.

DALLAS 1, TEXAS

Construction Bldg.

CINCINNATI 2, OHIO

Carew Tower

ATLANTA, GA.

Healey Bldg.

HOUSTON 2, TEXAS

West Bldg.

LUBBOCK, TEXAS

Lubbock National Bank Bldg.

# California Bank *Los Angeles*

AN INDUSTRIAL, BUSINESS-MINDED BANK LOCATED  
IN THE "INDUSTRIAL CENTER OF THE WEST"

## Statement of Condition as of Dec. 31, 1951

### RESOURCES

Cash and Due from Banks . . . . .	\$129,881,446.51
United States Government Securities . . . . .	223,317,626.69*
Obligations of Other Federal Agencies . . . . .	\$ 7,000,102.52
State, County, and Municipal Bonds . . . . .	14,900,126.62
Other Bonds and Securities . . . . .	360,777.61
Federal Reserve Bank Stock . . . . .	600,000.00
Ownership of California Trust Company . . . . .	1,475,324.66†
Loans and Discounts . . . . .	155,533,802.44
Bank Premises, Furniture and Fixtures . . . . .	2,473,665.82
Earned Income Receivable . . . . .	1,413,922.56
Customers' Liability under Letters of Credit and Acceptances . . . . .	4,500,951.72
Other Resources . . . . .	173,580.73
<b>TOTAL . . . . .</b>	<b>\$541,631,327.88</b>

### LIABILITIES

Demand Deposits . . . . .	\$354,061,501.13
Time Deposits . . . . .	133,194,609.73
United States Government Deposits . . . . .	8,559,695.19
Other Public Deposits . . . . .	10,751,857.94
Reserve for Interest, Taxes, and Expenses . . . . .	\$506,567,663.99
Unearned Income Collected . . . . .	3,079,647.82
Letters of Credit and Acceptances . . . . .	1,340,082.45
Capital Stock . . . . .	4,541,551.34
Surplus . . . . .	\$10,000,000.00
Undivided Profits . . . . .	10,000,000.00
<b>TOTAL . . . . .</b>	<b>6,102,382.28</b>
	<b>\$541,631,327.88</b>

\*\$32,664,263.59 pledged, according to law, to secure Public Funds and Trust Deposits.

†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of \$1,000,000.00, Surplus of \$525,000.00 and Undivided Profits of \$250,816.21.

### OFFICERS

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*Vice Presidents*

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MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

original cost. Filament lights are advantageous primarily if they are to burn for only a short period each day.

The most effective modern use of filament lighting is in spotlights recessed in the ceiling to provide ample illumination at floor or work level. They are compact, and the light can be easily controlled, making them useful as spotlights. However, this type of illumination works best if the ceiling is at least 15 feet above the floor. It is most effective with ceiling heights of 25 to 30 feet.

The fluorescent light is better adapted for providing diffused light throughout the work area if the ceiling height is not excessive. Fluorescent lights are more economical if used a large proportion of each day because they are more efficient than filament lamps. They are best for general illumination and provide light more nearly natural than do filament lamps.

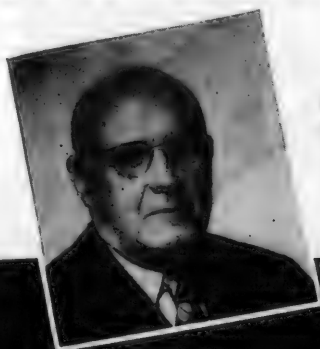
### Suggested Lighting for Specific Areas

**Lobby.** The traditional high-ceilinged lobby usually can be illuminated best by means of recessed spotlights. The ponderous ornamental lighting fixtures of a few decades ago may have been the acme of good taste then, but they certainly did not provide good light. The picture on page 50 shows the lobby of the Central National Bank of Cleveland's main office as it appeared when lighted by three massive glass chandeliers. The one beside it illustrates the tremendous improvement wrought by the elimination of the chandeliers and the adoption of recessed spotlights. Because of the height of this ceiling, servicing the chandeliers was an expensive and time-consuming task. The recessed spotlights can be serviced from the floor above, thus greatly reducing maintenance costs. In addition, the level of illumination has been raised nearly 300 percent.

Lobbies with ceiling heights of less than 20 feet can be lighted effectively with louveralls or luminous panels. The picture on page 51 illustrates the louverall principle as applied in the Euclid Avenue Office of the Central National Bank. The egg-crate type dividers are 9 inches deep. The blades are 12 inches apart. Blades of this size and spac-

(CONTINUED ON PAGE 111)

# Modernization... an investment in increased business



Mr. Charles A. Post, President  
Citizens Savings Bank, Providence, R. I., says:

*"The friendly open appearance of our new all-glass front at our Cranston Office has received very favorable comment from our depositors. We believe it helps greatly to attract new customers and keep old ones."*



AFTER

STRUCTURAL improvements mean business improvements . . . whether it's your bank or a retail property you manage. Progressive bankers, like Mr. Post, have proved this by remodeling with eye-catching Pittsburgh Glass and Pitco Store Front Metal. A modern Pittsburgh front will give your bank a progressive appearance that builds depositor confidence, helps bring in new accounts . . . and at the same time increases the efficiency of your bank's operation. And when you modernize your retail properties you attract new tenants . . . keep present tenants happy . . . increase your rentals.

Loans to local merchants for moderniz-

ing their stores represent, we believe, a profitable opportunity for your bank, too. For the store that is modern, smart and attractive in appearance, with an entrance that is bright and inviting, draws the most customers, makes the most money . . . has larger profits to deposit with you.

Whatever your modernization plans may be, remember that Pittsburgh Glass and Pitco Store Front Metal are the recognized leaders in remodeling materials. For examples of actual Pittsburgh modernization jobs, and for descriptions of Pittsburgh Products, send for our free booklet, "How To Give Your Store The Look That Sells." Just fill in and return the coupon below.

The open-vision front of this modernized bank branch office in Cranston, R. I., pleasantly banishes the appearance of formality usually associated with banks. The entire interior is on display by virtue of large panels of Pittsburgh Polished Plate Glass, set in lustrous Pitco De Luxe Store Front Metal. An inviting entrance composed of Herculite Tempered Plate Glass Doors and Sidelights complements the open-vision design. Architects: Cull and Robinson, Providence, R. I.



BEFORE

Store Fronts  
and Interiors  
by Pittsburgh



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY



Pittsburgh Plate Glass Company  
2280-1 Grant Building, Pittsburgh 19, Pa.

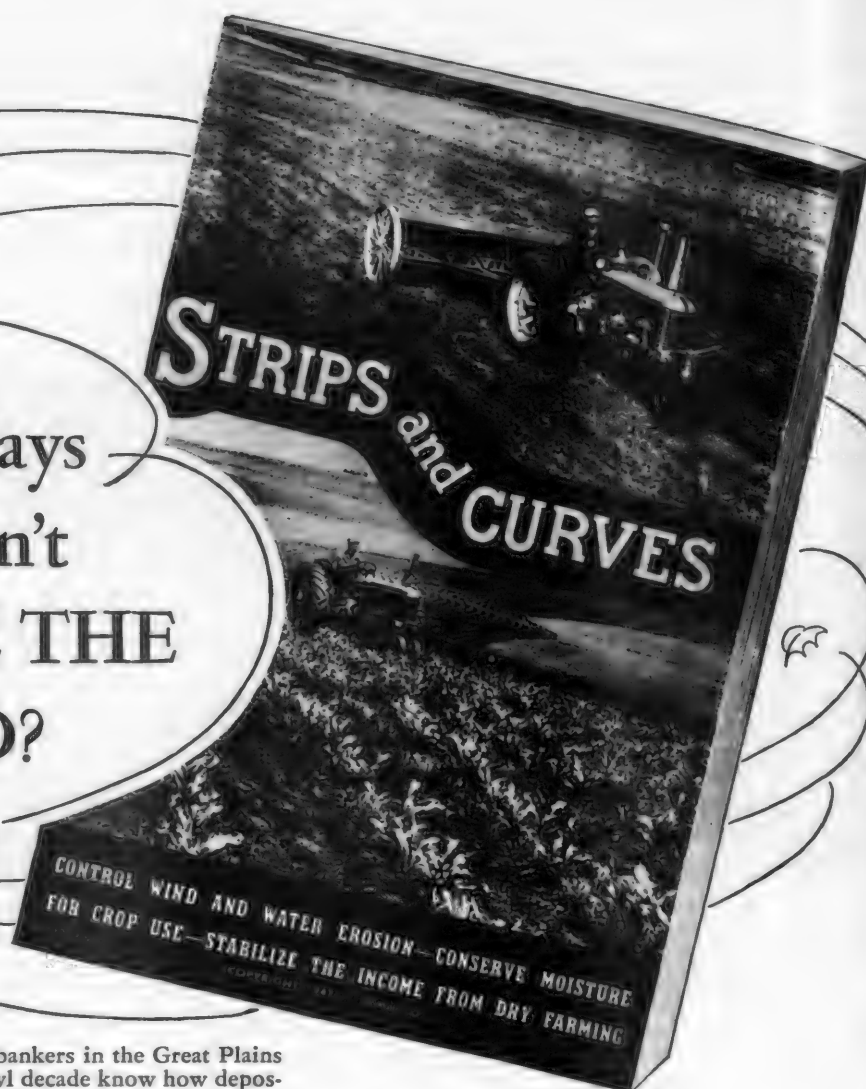
Without obligation on our part, please send us your FREE booklet on modernization, "How To Give Your Store The Look That Sells."

Name.....

Address.....

City.....State.....

# Who Says We Can't TAME THE WIND?



● You who were bankers in the Great Plains during the dust-bowl decade know how deposits dried up and collateral blew away. You who are bankers now in the semi-arid regions know the danger that looms when a dry-season cycle returns to soils over-tilled for war-time and postwar production.

Here is a booklet to inspire and encourage farmers wherever soil-blowing is part or all of their erosion problem. In vivid pictures it shows how their soils are vulnerable to both rain and wind. It points out how ridges and furrows, vegetative cover, stubble-mulch farming, strip cropping and contouring, grasses and legumes,

have each its own power to temper the fury of wind and water.

In its sixteen pages, mostly pictures, "Strips and Curves" has no room for tedious technology. It just shows the need of things to do, and their actual doing on actual farms. It gives full credit to the Soil Conservation Service, and urges that farmers look to the same source for technical counsel.

We'd like you to see a copy of "Strips and Curves." If you can use it to foster better farming practices in your area, we'll gladly send you a supply. And please remember—Case believes that the financing of farm machinery is logical business for local financial institutions.

## FULL-COLOR MOVIES

Motion picture films with sound are available in 16 mm. size for showing to schools, civic groups, farmer meetings, conservation clubs, etc. Some of the subjects are terracing, contour farming, pond-building. Send for latest edition of "Visual Education Materials"—a catalog of Case films, booklets, wall charts. Address Educational Division, J. I. Case Co., Racine, Wis.

# CASE





(CONTINUED FROM PAGE 108)

ing almost completely shield the light source. This photograph also illustrates a striking and effective use of recessed spotlights to illuminate the work and administrative areas.

**Work Areas.** There are two types of lighting which are excellent in clerical areas. These are the troffer and the luminaire. Troffers should be placed in continuous rows not more than four or five feet apart, unless the ceilings are unusually high. Generally, troffers should be placed perpendicular to the line of vision of the occupants to avoid the long luminous line effect.

Luminaires should be suspended a short distance (6 inches to 12 inches) for all but extremely high or low ceilings. If the units have luminous sides, they should be placed lengthwise with respect to the line of vision of the occupants of the area. If the sides are opaque, a crosswise view may be more comfortable and will give better appearance, particularly in long rooms.

While the luminous paneled ceiling produces perhaps the best light, it is rather expensive to install unless a new building is being constructed. It generally provides more light than is needed in most clerical areas. It is extremely effective for drafting rooms or those work areas where exceptionally good seeing is required.

**Corridors.** Long, narrow corridors can be lighted simply but effectively by using continuous rows or groups of units, either of troffers or luminaires. Louvers increase the apparent size of the illumination source.

**Private offices,** especially those of top executives, must often reflect the personality of the executive and the spirit of the institution. For this reason there can be no standard illumination. However, those who desire something unusual should investigate the use of cove lighting around the top of the wall, luminous panels in the ceiling, recessed spotlights over desks and chairs, and artificial illumination behind venetian blinds. By having fluorescent tubes back of venetian blinds, the room can always have the appearance of receiving sunshine.

For the conventional private office, 8-foot luminaires with four

tubes and louvers, properly placed above the desk, will produce excellent lighting.

**Administrative Areas.** While people in these areas seldom do intense paper work over long periods of time, it is still important that the illumination be adequate and pleasant. For this reason the principles stated earlier must be carefully considered when determining the lighting for administrative areas. Luminaires, louveralls, luminous panels and recessed spotlights all provide

excellent possibilities for lighting administrative areas.

## The Future

Some indication of the future in the lighting field is found in the general office area of the new Westinghouse offices in the Merchandise Mart in Chicago. These offices have fluorescent lighting in direct-indirect luminaires, tubular sun lamps which give the employees the equivalent of 15 minutes in the sun each day, and germ-killing Sterilamps. While the value of the germ-killing

# THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

## STATEMENT OF CONDITION AT CLOSE OF BUSINESS DECEMBER 31, 1951

### RESOURCES

CASH AND DUE FROM BANKS	\$ 84,448,837.45
UNITED STATES GOVERNMENT SECURITIES	41,320,300.97
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS	5,207,595.03
OTHER BONDS, NOTES AND DEBENTURES	1,210,540.70
STOCK FEDERAL RESERVE BANK	340,000.00
LOANS AND DISCOUNTS	94,311,581.23
INCOME EARNED—UNCOLLECTED	247,800.61
FUTURE BANKING SITE AND GARAGE PROPERTY	4,131,460.00
FURNITURE AND FIXTURES	1.00
OTHER REAL ESTATE	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT	163,000.00
OTHER RESOURCES	85,062.29
TOTAL	\$231,488,280.28

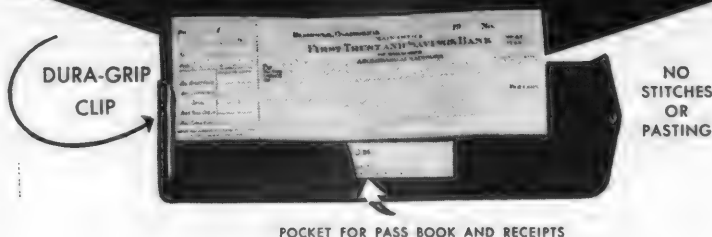
### LIABILITIES

COMMON STOCK	\$ 6,000,000.00
SURPLUS	6,000,000.00
UNDIVIDED PROFITS	490,755.06
RESERVE FOR CONTINGENCIES	2,000,000.00
RESERVE—AMORTIZATION OF BOND PREMIUMS	1,043,488.53
RESERVE—TAXES, INTEREST, EXPENSE, ETC.	1,685,404.97
LETTERS OF CREDIT ISSUED	163,000.00
INCOME COLLECTED—UNEARNED	665,503.66
DEPOSITS:	
INDIVIDUAL	\$142,152,729.55
BANK	58,928,291.87
U. S. GOVERNMENT	4,982,361.50
OTHER PUBLIC FUNDS	7,376,745.14
TOTAL	\$231,488,280.28

U. S. Government and other securities carried at \$26,656,490.50 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# HOW THIS *Completely New* IDEA IN CHECK BOOK COVERS CAN BENEFIT YOUR BANK...



DURA-GRIP check book covers are not just an improvement; the design is completely new. No stitching or pasting to come loose or add bulk... and the patented\* DURA-GRIP clip makes insertion of check fillers easy—holds the checks absolutely firm for easy writing.

## *Revolutionary — Economical*

Made of Duralex, a material built like a cord tire from tough rubber and finest cotton fibre, DURA-GRIP covers wear and wear. First cost is low, and extra durability cuts down replacements. Yet these covers are truly beautiful, with the grain and finish of top-grade leather, and come in seven rich colors. You owe it to your depositors... and yourselves... to investigate DURA-GRIP covers today. May we send samples and prices?

### **DISTRIBUTED by:**

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# DURA-GRIP

**BEAUTIFUL LEATHER-LIKE FINISH  
IN SEVEN COLORS—TOUGH AS A TIRE**

\* Patent No. 2,488,823

## COAST BOOK COVER COMPANY

810 East Third Street, Los Angeles 54, California

Sterilamps has not been proved conclusively in applications of this type, there is a lot to recommend them in the fight against the common cold.

### **Conclusion**

This article is not intended to qualify its readers as lighting engineers. Its purpose will have been well served if the reader will have a lighting engineer check the adequacy of his bank's lighting, if this has not already been done, and if he will then proceed with the engineer to work out adequate lighting for every department and section of the institution.

The humanitarian benefits to employees alone would be worth the cost. The bonus in increased quantity and quality of work, fewer errors, better customer service, reduced fatigue and improved morale should make such a program one of the most profitable ventures in a bank's history.

Well lighted banking offices are attractive to customers and conducive to good personnel relations. Light and color affect our mood and our morale. Careful scientific analysis of our lighting problems, together with solutions based on scientific facts, should produce profits year in and year out.

Life is a problem of whether your sin finds you out or the instalment collector finds you in.

*Few people care to be such misers as to live within their own incomes.*

The way of the transgressor is well publicized.

*School boy's description of an elephant: 8,000 pounds of liver with legs.*

Football—

His girl: "His front teeth are gone."

His mother: "His nose is broken."

His father: "But he didn't drop the ball."

# THE NORTHERN TRUST COMPANY

CHICAGO

## STATEMENT OF CONDITION

December 31, 1951

### RESOURCES

Loans and Discounts . . . . .	\$161,042,556.55
U. S. Government Securities . . . . .	250,282,400.94
Other Bonds and Securities . . . . .	125,209,280.51
Federal Reserve Bank Stock . . . . .	510,000.00
Bank Premises . . . . .	1,400,000.00
Customers' Liability, Account Letters of Credit and Acceptances . . . . .	787,360.29
Other Resources . . . . .	151,337.69
Cash and Due from Banks . . . . .	199,726,671.18
<b>TOTAL . . . . .</b>	<b>\$739,109,607.16</b>

### LIABILITIES

Capital Stock . . . . .	\$ 3,000,000.00
Surplus . . . . .	14,000,000.00
Undivided Profits . . . . .	5,925,174.02
Reserve for Taxes, Interest, etc. . . . .	15,626,519.61
Dividend Payable January 2, 1952 . . . . .	135,000.00
Letters of Credit and Acceptances Outstanding . . . . .	930,487.21
Other Liabilities . . . . .	595,998.11
Deposits:	
Demand . . . . .	\$501,908,693.32
Time . . . . .	177,047,071.74
U. S. Gov't . . . . .	19,940,663.15
<b>TOTAL . . . . .</b>	<b>\$739,109,607.16</b>

United States Government securities carried in the above statement at \$25,031,250.00 are pledged to secure public and other monies, as required by law; and United States Government and other securities carried at \$581,955.48 are deposited with the State Authorities under the Trust Act.

\*

Tune in The Northerners every Tuesday, 8:30 P. M.  
over Station WGN, Chicago (720 Kilocycles)



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Member Federal Deposit  
Insurance Corporation

As your Chicago correspondent we are prepared to share with you all our banking, trust, bond and operational facilities. You are invited to make the fullest use of our services and experience, not only for your own bank, but your customers as well.

"6 National





# Machines save us \$32,000 a year!"

## THE MERCHANTS NATIONAL BANK of INDIANAPOLIS

"We estimate that our six National Accounting-Proof Machines save us \$32,000 a year, repaying their entire cost in the first twelve months.

"In addition to reducing our expense, these modern machines enable us to get peak efficiency and give the best serv-

ice to our customers and correspondents at all times.

"Such improved service and lower operating costs are difficult to achieve these days. We thank you and your organization for the splendid results."



PRESIDENT

THE MERCHANTS NATIONAL BANK



That is what Mr. Frenzel has to say about the new Nationals used in his Merchants National Bank of Indianapolis. He is also Chairman of the Board of The Indiana Trust Company, Indianapolis, which also uses National equipment. These two "Cross-roads of America" banks, with their neighborhood branches, represent complete and modern American banking institutions.

Shown above are National's NEW Central Control and Proof Machines, with an exclusive combination of time-and-effort-

saving features that cut bank proof-accounting costs.

There are National Machines to cut costs in every size and type of business. On some jobs, they do two-thirds of the work automatically. They often return their entire cost the first year.

Let the local National representative—a trained systems analyst—show what you can save with a National Accounting Machine, Cash Register, or Adding Machine adapted to your needs.

*National Machines pay for themselves out of the money they save. Call your local National Representative for your free copy of "How to Save Money on Your Accounting"—or write us at Dayton 9, Ohio.*

**THE NATIONAL CASH REGISTER COMPANY**

**National**  
ACCOUNTING MACHINES  
CASH REGISTERS • ADDING MACHINES

# THE FIRST NATIONAL BANK AND TRUST COMPANY OF TULSA

## STATEMENT OF CONDITION

December 31, 1951

### RESOURCES

Cash and Due from Banks...	\$78,108,777.41	
U. S. Government Securities..	81,385,908.53	\$159,494,685.94
Other Bonds and Securities .....		14,974,541.18
Loans and Discounts .....		69,033,708.18
Federal Reserve Bank Stock .....		300,000.00
Income Earned, Not Collected .....		565,233.91
Bank Premises .....		1.00
Parking Lot .....		190,000.00
Furniture and Fixtures .....		781,754.30
Customers' Liability Under Letters of Credit		8,154,804.91
Other Resources .....		24,244.69
		<u>\$253,518,974.11</u>

### LIABILITIES

Deposits .....	\$230,984,568.91	
Income Collected, Not Earned .....	309,846.14	
Taxes, Interest and Expense—Accrued ....	918,601.91	
Letters of Credit Outstanding .....	8,154,804.91	
Capital .....	\$4,000,000.00	
Surplus .....	6,000,000.00	
Undivided Profits .....	3,151,152.24	13,151,152.24
		<u>\$253,518,974.11</u>

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*Assistant Vice President and Comptroller*

*Assistant Vice Presidents*

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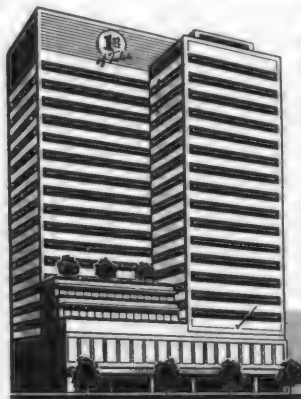
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## THE FIRST NATIONAL BANK AND TRUST COMPANY OF TULSA

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

When in Tulsa, You are cordially invited to visit our new building. See the FIRST mural interpretation of the famous Oklahoma Runs.

## Methods and Ideas

(CONTINUED FROM PAGE 44)

assistant trust officer. "When the boy's service address is available, the letter is sent directly to him, otherwise to his home address. We ask the family to forward our letters.

"Some time ago we were pleasantly surprised to receive a letter from one of the boys in Korea enclosing a check for \$1,000 which he asked us to place in his savings account. He appreciated our writing to him."

## Rush Hour Aid

UNION DIME SAVINGS BANK, New York City, has found a solution to handling the noon-hour rush in its new accounts department. Located in the heart of the Times Square area, the bank draws its customers during the lunch hours mainly from the people who work in the neighborhood. In order to have adequate personnel in the department during the hours from 11:30 to 2:30, the Union Dime employs two women on a part-time basis.

They were selected for their ability to meet the public and do a good public relations job for the bank. They were particularly interested in part-time work as their children are grown and all of their time was not taken in homemaking.

(CONTINUED ON PAGE 119)

With the help of Red Cross Gray Ladies, the First National Bank at Oteen, N. C., goes to depositors' bedside in the VA Tuberculosis Hospital to provide banking service. In the picture Everett Sharp endorses a check while Mrs. H. A. Kerlee watches



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L. A. VAN BOMEL  
*President, National Dairy Products Corporation*

HENRY C. VON ELM  
*Honorary Chairman*

# MANUFACTURERS TRUST COMPANY

## Condensed Statement of Condition December 31, 1951

### RESOURCES

Cash and Due from Banks . . . . .	\$ 874,335,582.14
U. S. Government Securities . . . . .	851,914,254.85
U. S. Government Insured F. H. A.	
Mortgages . . . . .	79,203,154.41
State, Municipal and Public Securities	66,250,982.56
Stock of Federal Reserve Bank . . . . .	3,595,050.00
Other Securities . . . . .	28,296,486.41
Loans, Bills Purchased and Bankers'	
Acceptances . . . . .	816,946,336.51
Mortgages . . . . .	15,188,710.81
Banking Houses . . . . .	14,018,051.50
Other Real Estate Equities . . . . .	256,818.40
Customers' Liability for Acceptances	9,655,875.49
Accrued Interest and Other Resources	6,731,593.82
	<u>\$2,766,392,896.90</u>

### LIABILITIES

Capital . . . . .	\$50,390,000.00	
Surplus . . . . .	69,444,000.00	
Undivided Profits . . . . .	41,214,677.87	\$ 161,048,677.87
Reserves for Taxes,		
Unearned Discount, Interest, etc. .	15,130,438.06	
Dividend Payable January 15, 1952 .	1,637,675.00	
Outstanding Acceptances . . . . .	9,884,628.15	
Liability as Endorser on Acceptances		
and Foreign Bills . . . . .	6,806,012.44	
Other Liabilities . . . . .	1,904,831.66	
Deposits . . . . .	2,569,980,633.72	
	<u>\$2,766,392,896.90</u>	

*United States Government and other Securities carried at \$104,615,416.66 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.*

Head Office: 55 Broad Street, New York City  
**MORE THAN 100 OFFICES IN GREATER NEW YORK**  
Member Federal Deposit Insurance Corporation

DEFENSE IS YOUR JOB TOO—BUY U. S. DEFENSE BONDS

## "Our Bank Has Found Livestock Loans Sound and Profitable!"



The Borders Field Day was held on the Forrest Borders Farm near Bowling Green, Ky., to discuss problems of the Southern dairymen.

### **Darryl R. Francis, Vice-President of the National Bank of Commerce, Memphis, tells 700 dairymen of his bank's faith in livestock loans**

Speaking at the Borders Field Day, Banker D. R. Francis told 700 Mid-South dairymen, "We have found that loans for purchase of livestock, for farm improvement, or for livestock feeding are some of the soundest loans we make, providing the borrower has reasonable assets, has a good reputation, and gets on a good program,

such as Purina recommends, and *stays on it*.

"We make such loans as we have the opportunity to make as a city bank, but most of the paper we get comes through as rediscounted from corresponding banks.

"We feel the banks that make these loans on a sound basis are real community builders."



#### **THE PURINA DEALER IS A MAN YOU SHOULD KNOW**

Rural bankers in many communities are finding their Purina Dealer a good man to know. He and his employees contact farmers day in and day out. They know when the farmer needs banking service, they know when the banker has a good risk and a bad risk. If you have never discussed your services with your Purina Dealer, make it a point to do it soon.

If you do not have a Purina Dealer in your community, find out about the opportunities of the Purina Franchise by writing Department C.

**RALSTON PURINA COMPANY**

1605 Checkerboard Square

St. Louis 2, Missouri



(CONTINUED FROM PAGE 116)

Both have made for themselves a definite place on the bank's staff, and, among other things, have offered several helpful suggestions which have been adopted. Each year awards are made to Union Dime staff members for the most valuable suggestions, and this year one of these women, Mrs. Marion Rhode, won two awards.

Full-time employees in the new accounts department are pleased with the arrangement, as it permits them to maintain regular lunch hours, even during peak periods.

### Personnel

WHENEVER two or more bankers get together these days, the personnel problem is almost certain to come up, and a group of Financial Public Relations Association people, at a recent staff relations clinic, discussed several phases of it.

Four Pointers. One banker offered a four-point program: (1) Banks should take a long-range look at their manpower needs, remembering that quality rather than quantity counts; (2) make intelligent job evaluation and analysis the basis for fair compensation, comparable with positions elsewhere; (3) devise a merit system that recognizes skill and loyalty; (4) foster a maximum use of skills towards a maximum utilization of manpower.

Promote Banking as a Career. The staff should be built on a foundation of people who are making banking their life work. Recruitment of such personnel may take considerable promotional effort, with stress on the advantages of bank employment. (Should banks advertise along that line?)

Some institutions have implemented their public relations programs to include active recruiting of young people. Familiar methods include tours by school children, particularly in the higher grades, and school talks by bankers. Emphasize the fringe benefits (insurance, pensions, etc.) that banking offers.

Many banks find it profitable to use college placement bureaus as sources of new employees. Some larger institutions send "flying squadrons" to the campuses for recruits, then train large groups of those selected, give jobs to the best, and farm out the remainder

# 96<sup>TH</sup> ANNUAL STATEMENT

30TH NOVEMBER, 1951

### CONDENSED GENERAL STATEMENT

#### ASSETS

Cash, Deposits with, and due from Other Banks.....	\$ 98,876,158.
Dominion and Provincial Government Securities.....	} Not exceeding market value 155,559,000.
Municipal and Other Securities.....	
Call Loans (secured).....	5,739,225.
Commercial and Other Loans.....	189,574,623.
Bank Premises.....	7,906,358.
Customers' Liability under Acceptances and Letters of Credit as per contra.....	4,490,639.
Other Assets.....	58,494.
Total Assets.....	<u>\$489,138,527.</u>

#### LIABILITIES

Deposits.....	\$462,152,123.
Acceptances and Letters of Credit Outstanding.....	4,490,639.
Other Liabilities.....	330,720.
Dividends declared and unpaid.....	330,645.
Capital.....	\$ 6,000,000.
Reserve Fund.....	14,000,000.
Undivided Profits.....	1,834,400.
	21,834,400.
Total Liabilities.....	<u>\$489,138,527.</u>

B. S. VANSTONE, *President*

L. G. GILLET, *General Manager*



## THE BANK OF TORONTO

Incorporated 1855

Head Office: Toronto, Canada

Branches Across Canada

European Representative: 146 Leadenhall St., London E.C. 3, Eng.

Correspondents all over the world

among their correspondents in other towns.

In high schools the vocational guidance supervisor can direct part-time students to the bank. The young people get school credit (as well as pay), and the topnotchers can be hired permanently after graduation.

The physically handicapped are another source. They are fitted for many jobs, although there may be problems of insurance and pensions.

Display advertising for bank employees, reported a banker who has tried it, isn't very productive.

One bank has a folder outlining the advantages of a bank job, and distributes it to families with teenage children.

**Seasonal Help.** In some sections of the country—notably the South—bank personnel is available on a seasonal basis. These people work in the North in the summer and go South in the winter. Banks with seasonal bulges in business are employing these migrants.

**The "Happy Shop."** Don't overlook your present personnel as recruiters for your bank. This, of course, presupposes a "happy shop";

a contented staff can speak effectively for you. Furthermore, they'll see that you get only the best recruits.

## Customer Relations

**I**NDUSTRIAL TRUST COMPANY of Providence, Rhode Island, has a customer relations training program that stimulates staff thinking on the importance of friendly, efficient service. The 900 employees meet at least once a year, in convenient groups of 50, for conferences which provide simple, basic briefing on this indispensable approach to good banking. These conferences are held, as a rule, at 3:30 or 4 P.M. on banking time and last from three-quarters to one hour.

The conferences for 1952 are set up and emphasize a list of 16 questions and answers covering the fundamentals of customer relations. This subject matter is covered as follows:

(a) Introductory remarks, including charts emphasizing the fundamentals of customer relations, by vice-president H. R. Barker, head of the public relations department—10 minutes.

(b) Showing of American Bankers Association training film "It's Up To Us!"—15 minutes.

(c) Discussion period—20 minutes.

A questionnaire covering the 16 fundamentals is issued to all personnel before conference starts. During the period devoted to these basic points, the answers, which are included on the charts, can be copied off on the questionnaire. This method is used to impress the fundamentals on those present. After the conference is over, each employee receives a mimeographed copy of the answers to the questions for a permanent record. Also, a booklet, "Banking Services Provided by Industrial Trust Company," is issued to all personnel.

During the discussion period, the topics discussed are either those brought up from the floor or may be some topic fed in by the officer conducting the conference on pertinent topics covering customer relations.

Staff training films available through the Financial Public Relations Association have been used most effectively.

(CONTINUED ON PAGE 124)

**CONDENSED**

*Statement of Condition*

**AT CLOSE OF BUSINESS DEC. 31, 1951**

<p><b>DIRECTORS</b></p> <p>SAMUEL K. RINDGE <i>Chairman of the Board</i></p> <p>HERBERT D. IVEY <i>President</i></p> <p>CARL E. BAKER MILO W. BEKINS W. J. BOYLE WALTER H. BUTLER RALPH J. CHANDLER EUGENE P. CLARK DWIGHT L. CLARKE T. B. COSGROVE A. M. DUNN ERNEST E. DUQUE ROBERT E. HUNTER WILLIAM A. INNES L. O. IVEY EARLE M. JORGENSEN ROBERT W. KENNY RUDOLPH A. PETERSON WILLIAM S. ROSECRANS W. A. SIMPSON J. HARTLEY TAYLOR</p>	<p><b>RESOURCES</b></p> <table border="0"> <tr> <td>Cash and Due from Banks . . . . .</td> <td style="text-align: right;">\$102,595,917.82</td> </tr> <tr> <td>United States Government Securities . . . . .</td> <td style="text-align: right;">175,749,901.53</td> </tr> <tr> <td>State, County and Municipal Bonds . . . . .</td> <td style="text-align: right;">15,120,296.90</td> </tr> <tr> <td>Loans and Discounts . . . . .</td> <td style="text-align: right;">101,106,342.86</td> </tr> <tr> <td>Federal Reserve Bank Stock . . . . .</td> <td style="text-align: right;">360,000.00</td> </tr> <tr> <td>Stock in Commercial Fireproof Building Co.—Head Office Building . . . . .</td> <td style="text-align: right;">348,500.00</td> </tr> <tr> <td>Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) . . . . .</td> <td style="text-align: right;">2,781,914.84</td> </tr> <tr> <td>Property Acquired for Future Banking Facilities . . . . .</td> <td style="text-align: right;">279,507.80</td> </tr> <tr> <td>Other Real Estate Owned, Carried at Customers' Liability under Letters of Credit and Acceptances . . . . .</td> <td style="text-align: right;">1.00</td> </tr> <tr> <td>Earned Interest Receivable . . . . .</td> <td style="text-align: right;">713,275.54</td> </tr> <tr> <td>Other Resources . . . . .</td> <td style="text-align: right;">998,143.90</td> </tr> <tr> <td>Other Resources . . . . .</td> <td style="text-align: right;">96,462.14</td> </tr> <tr> <td><b>TOTAL . . . . .</b></td> <td style="text-align: right;"><b>\$400,150,264.33</b></td> </tr> </table> <p><b>LIABILITIES</b></p> <table border="0"> <tr> <td>Capital Stock . . . . .</td> <td style="text-align: right;">\$5,000,000.00</td> </tr> <tr> <td>Surplus . . . . .</td> <td style="text-align: right;">7,000,000.00</td> </tr> <tr> <td>Undivided Profits . . . . .</td> <td style="text-align: right;">4,116,314.17</td> </tr> <tr> <td>Reserves for Interest, Taxes, Contingencies, Etc. . . . .</td> <td style="text-align: right;">2,838,528.64</td> </tr> <tr> <td>Discount Collected—Unearned . . . . .</td> <td style="text-align: right;">841,995.29</td> </tr> <tr> <td>Letters of Credit and Acceptances . . . . .</td> <td style="text-align: right;">730,498.24</td> </tr> <tr> <td>Other Liabilities . . . . .</td> <td style="text-align: right;">950,682.98</td> </tr> <tr> <td>Deposits . . . . .</td> <td style="text-align: right;">378,672,245.01</td> </tr> <tr> <td><b>TOTAL . . . . .</b></td> <td style="text-align: right;"><b>\$400,150,264.33</b></td> </tr> </table>	Cash and Due from Banks . . . . .	\$102,595,917.82	United States Government Securities . . . . .	175,749,901.53	State, County and Municipal Bonds . . . . .	15,120,296.90	Loans and Discounts . . . . .	101,106,342.86	Federal Reserve Bank Stock . . . . .	360,000.00	Stock in Commercial Fireproof Building Co.—Head Office Building . . . . .	348,500.00	Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) . . . . .	2,781,914.84	Property Acquired for Future Banking Facilities . . . . .	279,507.80	Other Real Estate Owned, Carried at Customers' Liability under Letters of Credit and Acceptances . . . . .	1.00	Earned Interest Receivable . . . . .	713,275.54	Other Resources . . . . .	998,143.90	Other Resources . . . . .	96,462.14	<b>TOTAL . . . . .</b>	<b>\$400,150,264.33</b>	Capital Stock . . . . .	\$5,000,000.00	Surplus . . . . .	7,000,000.00	Undivided Profits . . . . .	4,116,314.17	Reserves for Interest, Taxes, Contingencies, Etc. . . . .	2,838,528.64	Discount Collected—Unearned . . . . .	841,995.29	Letters of Credit and Acceptances . . . . .	730,498.24	Other Liabilities . . . . .	950,682.98	Deposits . . . . .	378,672,245.01	<b>TOTAL . . . . .</b>	<b>\$400,150,264.33</b>
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Head Office: Fifth & Spring Streets, Los Angeles

Hill Street Office: 736 So. Hill Street      Subway Terminal Office: 439 So. Hill Street

35 conveniently located Branches throughout Los Angeles

**Citizens National Bank**

TRUST & SAVINGS

OF LOS ANGELES

MEMBER  
FEDERAL RESERVE  
SYSTEM

MEMBER  
FEDERAL DEPOSIT  
INSURANCE  
CORPORATION



# ADD UP THE ASSETS

*that Hammermill Ledger brings to your business*

1. A non-glare finish saves eyestrain, speeds work, stands erasures and rewriting.
2. A firm surface rules perfectly, provides clean printing on accurate forms.
3. A splendid texture for typing and writing. (For machine posting there is the special finish identified by the watermark "Posting Finish.")
4. Strength and durability assure fine appearance even after years of repeated handling.

IT ADDS UP to a superior ledger paper that thousands of business firms have standardized on . . . one that's been making accountants' work easier for more than 37 years!

SEND COUPON FOR FREE SAMPLE BOOK!



Hammermill Paper Company,  
1501 East Lake Road, Erie 6, Pa.

Please send me—FREE—the sample book of  
HAMMERMILL LEDGER.

Name \_\_\_\_\_

Position \_\_\_\_\_  
(Please attach to, or write on, your business letterhead.)

B.F.E.

# Performance for Burroughs in the nation's banks

There is no more convincing testimonial to the swift efficiency of Burroughs Microfilming than its immediate and widespread acceptance in banks since its introduction in 1949.

It means that hundreds of banks have installed modern Bell & Howell Recorders and Readers. It means that in less than three years these banks have appraised and approved Burroughs Microfilming as

the fastest, most efficient and inexpensive way to handle, safeguard and store vital records.

Most important, it means that you can equip your bank with the advantages of Burroughs Microfilming, confident that it is the finest for your purposes. Let your Burroughs man show you the practical benefits of this precision equipment built by Bell & Howell, leader in the field of fine photography. Call him today.

## FAST SERVICE—ANYWHERE

### 25 BURROUGHS PROCESSING CENTERS...FROM COAST TO COAST

Atlanta	Houston	Philadelphia
Boston	Kansas City	Pittsburgh
Buffalo	Los Angeles	Portland, Oregon
Chicago	Memphis	Seattle
Cincinnati	Miami	St. Louis
Cleveland	Minneapolis	San Antonio
Dallas	New Orleans	San Francisco
Denver	New York City	Washington, D. C.
Detroit		



*Skilled mechanical service, on your premises from 583 Burroughs service centers.*



# rebuilds solid acceptance Microfilming



High-speed Bell & Howell recorder. Three reduction ratios available. Photographs fronts and backs of documents side by side on 16 mm. film, or at the flick of a switch, converts to 8 mm. photography of fronts only, up one side of the film and down the other.

TWO IMPORTANT NAMES IN MICROFILMING

**Bell & Howell**  
MANUFACTURER

**Burroughs**  
DISTRIBUTOR



Simple-to-use Bell & Howell reader. Projects clear images of original size or, in some cases, larger. Combines facsimile printer. Easily operated from a seated position.

WHEREVER THERE'S BUSINESS THERE'S **Burroughs**

(CONTINUED FROM PAGE 120)

Industrial Trust Company is now completing a moving picture covering the services of the bank and will use this film in future conferences.

Mr. Barker, director of the training program, makes available to BANKING's readers the questions and answers being used at the 1952 meetings. Here is the list:

**1. What is a bank and what does it depend on?**

Banking is a business depending on satisfied customers.

**2. What does a bank depend on for its existence?**

A bank depends on customers for its existence.

**3. What does a bank deal in and what does it have to sell?**

A bank deals in money and credit—it has nothing to sell but service.

**4. How do our services differ from other banks'?**

Our bank offers the same services as other banks.

**5. Why does one bank grow while others make little progress?**

The answer is: Employee attitude. A friendly, courteous and helpful

staff can actually attract more business than all the advertising in the world.

**6. Whom does the public look to in our bank?**

To the public, our bank is its personnel—every one of us! "We are the bank!"

**7. Whose business is contacts with customers?**

Contacts with customers is every-one's business.

**8. What are the bank's customer relations?**

The bank's customer relations are our contacts—all of them—with the bank's customers and the public.

**9. How can our bank make progress?**

To progress, our bank must constantly seek to improve all contacts with and services for our customers.

**10. Where do customers go to do their banking?**

Customers go where they are most wanted and stay where they are best treated.

**11. When should customers be taken care of?**

Customers must be taken care of from the moment they enter the bank to their departure.

**12. What will a customer do if he receives the service he desires?**

If you serve the customer as he desires to be served, he will use other departments of our bank and will send his friends to you.

(CONTINUED ON PAGE 126)



# CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1951

## ASSETS

Cash on Hand and in Banks . . . . .	\$ 246,062,817.02
United States Government Securities . . . . .	464,395,900.10
State, Municipal and Other Securities, including Stock of the Federal Reserve Bank . . . . .	145,474,821.27
Loans and Discounts . . . . .	406,276,179.52
Bank Premises . . . . .	3,456,198.01
Other Real Estate . . . . .	1.00
Other Assets . . . . .	4,525,584.28
	<u>\$1,270,191,501.20</u>

## LIABILITIES

Capital Stock . . . . .	\$ 15,000,000.00
Surplus . . . . .	37,500,000.00
Undivided Profits . . . . .	11,642,413.58
Reserve for Contingencies . . . . .	3,000,000.00
	<u>Capital Funds \$ 67,142,413.58</u>

## DEPOSITS

Commercial and Savings . . . . .	\$1,156,022,730.41
Estates and Corporate Trust . . . . .	37,917,295.21
	<u>1,193,940,025.62</u>
Accrued Taxes, Interest, etc. . . . .	6,185,374.42
Other Liabilities . . . . .	2,923,687.58
	<u>\$1,270,191,501.20</u>

United States Government Securities carried at \$86,651,902.50 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Reserves

Ohio's Largest Bank  
welcomes individuals and corporations  
seeking new or additional banking services.

**58 CONVENIENT OFFICES**

Northern Ohio:

Painesville • Willoughby • Bedford • Lorain  
and

Everywhere in Greater Cleveland

**COMMERCIAL • SAVINGS • TRUSTS**

Member: Federal Deposit Insurance Corporation

Federal Reserve System

Largest branch banking system between New York and San Francisco  
738,751 SAVINGS AND CHECKING DEPOSITORS

First National Bank of New Rochelle, N. Y., invited the local art association to use its lobby for an exhibition. The show opened with an evening reception, and continued the following day. In the photo the artists are arranging their displays



# REPUBLIC NATIONAL BANK of Dallas

Statement of Condition, December 31, 1951

## DIRECTORS

KARL HOBLITZELLE  
Chairman of the Board  
FRED F. FLORENCE  
President  
O. S. BOGCESS  
Higginbotham-Bailey Co.  
T. E. BRANIFF  
President, Braniff Airways, Inc.  
DR. EDWARD H. CARY  
Medical Arts Building  
WIRT DAVIS, II  
Investments  
R. B. GEORGE  
Pres., R. B. George Equipment Co.  
HAMLETT HARRISON  
Exec. Vice-Pres., Trinity Univ. Ins. Co.  
J. M. HIGGINBOTHAM, JR.  
Higginbotham-Bailey Co.  
RALEIGH HORTENSTINE  
Pres., Wyatt Metal & Boiler Works  
J. C. KARCHER  
President, Concho Petroleum Co.  
J. L. LATIMER  
President, Magnolia Petroleum Co.  
W. W. LYNCH  
President, Texas Power & Light Co.  
B. F. McLAIN  
President, Hunt Furniture Co.  
LEWIS W. MACNAUGHTON  
Pres., DeGolyer & MacNaughton  
STANLEY MARCUS  
President, Neiman-Marcus Co.  
HOMER R. MITCHELL  
Chairman, Texas Employers Ins. Assn.  
CHARLES R. MOORE  
President, Austin Bridge Company  
RAYMOND J. MORFA  
Chm., Missouri-Kansas-Texas R.R. Co.  
J. H. PEARLSTONE  
Pres., Pearlstone Mill & Elevator Co.  
LAWRENCE S. POLLOCK  
President, Pollock Paper Corporation  
CHARLES B. ROBERTS  
Vice-Pres., Sears, Roebuck & Co.  
J. W. SIMMONS  
President, Simmons Cotton Oil Mills  
JOE C. THOMPSON  
President, Southland Corporation  
WILLIAM H. WILDES  
President, Republic Natural Gas Co.



## RESOURCES

Cash and Due from Banks . . . . .	\$166,684,910.85
U. S. Government Securities . . . . .	81,486,889.23
State, Municipal and Other Securities . . . . .	7,635,834.34
Stock in Federal Reserve Bank . . . . .	1,095,000.00
Loans and Discounts . . . . .	212,835,812.67
Bills of Exchange and Commodity Loans . . . . .	32,222,110.41
Real Estate — New Building and Equipment . . . . .	4,459,749.95
Acceptances — Customers Account . . . . .	15,221,667.21
<b>TOTAL . . . . .</b>	<b>\$521,641,974.66</b>

## LIABILITIES

Capital . . . . .	\$ 18,000,000.00	
Surplus . . . . .	18,500,000.00	
Undivided Profits . . . . .	4,612,345.34	41,112,345.34
Reserve for Contingencies . . . . .		3,520,247.47
Reserve for Taxes, Etc. . . . .		2,595,968.88
Acceptances — Customers Account . . . . .		15,221,667.21
<b>Deposits:</b>		
Individual . . . . .	282,695,923.98	
Banks . . . . .	165,814,032.87	
U. S. Government . . . . .	10,681,788.91	459,191,745.76
<b>TOTAL . . . . .</b>	<b>\$521,641,974.66</b>	

★ ★ ★

Assets of the Republic National Company, with capital stock of \$3,000,000, are not included in above statement. The Company owns controlling stock in the following banks located in Greater Dallas, all affiliated with the Republic National Bank:

FAIR PARK NATIONAL BANK      LAKEWOOD STATE BANK  
GREENVILLE AVENUE STATE BANK      NATIONAL CITY BANK  
HIGHLAND PARK STATE BANK      OAK CLIFF BANK & TRUST CO.  
OAK LAWN NATIONAL BANK

Resources of the Republic National Bank and  
Affiliated Banks aggregate \$637,286,784.88

MEMBER FEDERAL DEPOSIT  
INSURANCE CORPORATION

NEW REPUBLIC BANK BUILDING      NEW MODEL CORPORATION

(CONTINUED FROM PAGE 124)

13. What are our banking services?

Know our banking services!

14. What is the keynote of customer relations?

Teamwork throughout the bank is the keynote of sound customer relations.

15. What is essential on the part of the "behind the scenes" group?

Accuracy on the part of the "behind the scenes" group is just as essential as the proper contacts for the "out front" group.

16. Upon whom does the quality of our bank's customer relations depend?

The quality of our bank's customer relations is "up to us"!

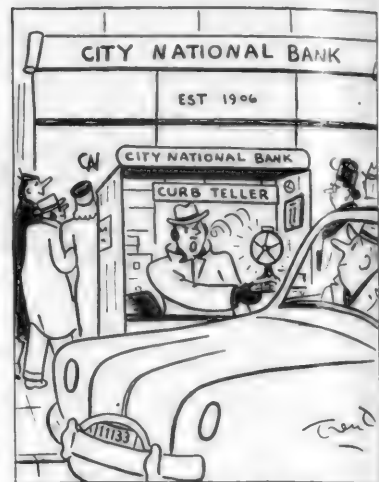
### Stockholder Education

THE MERCHANTS NATIONAL BANK & TRUST COMPANY of Syracuse, New York, has an active program for giving stockholders information about banking in general and their bank in particular. Educational meetings, tours of the bank, luncheons, and calls on new shareowners are among the activities.

In planning the program the bank proceeded on the theory that the more the stockholders knew about the bank and banking, the more they could interest others in doing business with the Merchants. First, at a series of small group meetings for men shareholders, the fundamentals of banking and the types of banks were explained, and the Merchants' many services outlined. The results were highly satisfactory; the men became enthusiastic promoters of their bank.

The plan was later extended to the women stockholders, two of whom eventually became directors, and other activities were added. There are frequent meetings for new shareowners; in visits at stockholders' homes the bank's representatives answer questions and request suggestions for improving its service.

The company's 1952 annual meeting was combined with a luncheon at a Syracuse hotel. Some 40 percent of the stockholders were present, and to them President Melvin Crandall explained the statement, item by item, also reviewing the bank's policies and emphasizing the



"You count the money. My fingers are frozen"

owners' responsibility for doing all their banking with their own bank.

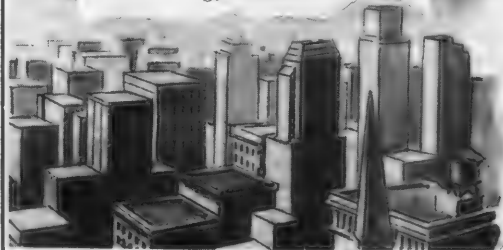
After the session several stockholders inquired about buying more shares, and a number made appointments with trust officers.

"Finding that women are definitely interested in learning about finance," says Mrs. Margaret A. Cheney, director of the women's

### Our 1952 Wish...

That our hopes for peace and friendship between nations may come closer to realization in 1952... and that the year will be one of happiness and enriched accomplishment for you and yours...

The Directors & Staff  
AMERICAN NATIONAL BANK  
AND TRUST COMPANY  
OF CHICAGO



### STATEMENT OF CONDITION

AS OF DECEMBER 31, 1951

RESOURCES		LIABILITIES	
CASH AND DUE FROM BANKS . . . . .	\$ 83,680,261.82	CAPITAL STOCK . . . . .	4,000,000.00
UNITED STATES GOVERNMENT OBLIGATIONS . . . . .	100,546,856.60	SURPLUS . . . . .	5,000,000.00
OBLIGATIONS OF INSTRUMENTALITIES OF THE UNITED STATES . . . . .	6,343,655.09	UNDIVIDED PROFITS . . . . .	1,699,940.99
STATE AND MUNICIPAL SECURITIES . . . . .	15,144,148.43	RESERVES FOR TAXES, INTEREST, CONTINGENCIES, ETC. . . . .	1,318,130.24
OTHER BONDS AND SECURITIES . . . . .	9,438,336.37	UNEARNED DISCOUNT . . . . .	1,125,185.21
LOANS AND DISCOUNTS . . . . .	74,974,713.04	OTHER LIABILITIES . . . . .	873,067.58
FEDERAL RESERVE BANK STOCK . . . . .	270,000.00	LIABILITY ON LETTERS OF CREDIT AND ACCEPTANCES . . . . .	3,676,619.07
CUSTOMERS' LIABILITY ON LETTERS OF CREDIT AND ACCEPTANCES . . . . .	3,676,619.07	DEPOSITS:	
ACCRUED INTEREST RECEIVABLE . . . . .	580,188.76	DEMAND . . . . .	\$245,370,181.86
OTHER ASSETS . . . . .	415,488.16	SAVINGS . . . . .	21,073,307.39
	<u>\$295,070,267.34</u>	OTHER TIME . . . . .	10,933,835.00
			<u>277,377,324.25</u>
			<u>\$295,070,267.34</u>

United States Government obligations and other securities carried at \$34,848,274.48 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

**American National Bank**  
and Trust Company of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

LA SALLE AT WASHINGTON





division of the public relations department, "we have shown our willingness to supply speakers for organizations at their monthly meetings. We have a number of well trained, capable speakers among our officers who are very active in community affairs. Inasmuch as the majority of our stockholders are people in this community, we feel that they should be as much a part of the bank as possible."

Stockholders are on preferred mailing lists for announcements of innovations at the bank and for such functions as finance forums and anniversary parties.

### In Brief

REPUBLIC NATIONAL BANK of Dallas sponsored a feature story contest among journalism students in nine high schools. Contestants had to visit the sidewalk superintendents' gallery at the site of the bank's new building, interview the attendant and onlookers, and then write a story about the building and its influences on Dallas and the Southwest.

The BRISTOL (Pennsylvania) TRUST COMPANY includes in a booklet about its services a center-spread map of the area. A second color highlights Bristol and offers a plug for the community in the tag-line: "Bristol—Shopping Center of Lower Bucks County."

[END]

"Defense bonds? Thank you, no. I'm quite capable of taking care of myself!"



February 1952

# FIRST SECURITY CORPORATION.

*Largest Intermountain Banking Organization*

45 BANKING OFFICES IN UTAH-IDAHO WYOMING

## SYSTEM OF BANKS

### CONSOLIDATED STATEMENT OF CONDITION

December 31, 1951

#### RESOURCES

Cash on Hand and in Banks.....	\$ 68,774,596.17
U. S. Govt. Securities, Direct or Fully Guaranteed.....	116,778,741.34
Municipals and Listed Securities.....	8,272,428.42
Total Cash and Bonds.....	\$193,825,765.93
Loans and Discounts.....	\$133,119,480.75
Banking Houses, Furniture and Fixtures.....	3,553,992.25
Stock in Federal Reserve Bank.....	345,000.00
Other Resources.....	285,310.54
Total Resources.....	\$331,129,549.47

#### LIABILITIES

Treasury Tax and Loan Account.....	\$ 1,948,451.90
Other Government and Public Fund Deposits.....	43,044,448.06
Due to Banks.....	17,070,911.74
Other Demand Deposits.....	168,691,128.77
Time Deposits.....	76,060,526.66
Total Deposits.....	\$306,815,467.13
Reserve for Unearned Discount.....	\$ 955,270.13
Reserve for Taxes, Interest, Expenses, etc.....	2,048,294.94
Res. Under Authority U. S. Treasury, Mim. 6209..	2,324,991.48
Other Liabilities.....	248,322.04
	\$ 5,576,878.59
Capital.....	\$ 5,625,000.00
Surplus.....	6,125,000.00
Undivided Profits.....	5,209,512.40
Reserve for Contingencies.....	1,590,994.12
Deferred Credits to Income.....	186,697.23
	\$ 18,737,203.75
Total Liabilities.....	\$331,129,549.47

When you require banking connections in the Intermountain area we invite you to use our complete facilities.

#### MEMBER BANKS

FIRST SECURITY BANK OF IDAHO, N. A.

24 Banking Offices

FIRST SECURITY BANK OF UTAH, N. A.

20 Banking Offices

FIRST SECURITY BANK OF ROCK SPRINGS

Rock Springs, Wyoming

Members of Federal Deposit Insurance Corporation

# Harris Trust and Savings Bank

Organized as N. W. Harris & Co. 1882 - Incorporated 1907

COMMERCIAL AND TRUST BANKING - PERSONAL AND CORPORATE TRUSTS - INVESTMENT - SAVINGS

115 WEST MONROE STREET, CHICAGO 90

Member Federal Reserve System - Member Federal Deposit Insurance Corporation



## STATEMENT OF CONDITION

DECEMBER 31, 1951

### RESOURCES

Cash on Hand and Due from Banks	\$207,685,399.36
U. S. Government Securities	168,637,395.55
State and Municipal Securities	69,602,408.06
Other Bonds and Securities	2,361,512.89
Loans and Discounts	246,623,506.32
Federal Reserve Bank Stock	750,000.00
Customers' Liability on Acceptances and Letters of Credit	1,057,270.19
Accrued Interest and Other Resources	2,527,329.15
Bank Premises	2,000,000.00
<b>TOTAL</b>	<b>\$701,244,821.52</b>

### LIABILITIES

Demand Deposits	\$578,863,018.33
Time Deposits	76,841,795.31
<b>Total Deposits</b>	<b>\$655,704,813.64</b>
Dividend Payable January 2, 1952	300,000.00
Acceptances and Letters of Credit	1,057,270.19
Reserves for Taxes, Interest, etc.	5,035,017.51
Reserve for Vault Construction and Air Conditioning	127,198.53
General Contingency Reserve	8,102,282.36
Capital	\$ 10,000,000.00
Surplus	15,000,000.00
Undivided Profits	5,918,239.29
<b>Total Capital Funds</b>	<b>30,918,239.29</b>
<b>TOTAL</b>	<b>\$701,244,821.52</b>

United States Government Obligations and Other Securities carried at \$64,757,289.39 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

*The basic policy of this Bank—in its Commercial Banking, Corporate and Personal Trust, Investment, Savings and other Departments—is to supply a complete, discerning and resourceful banking service.*

## . . DIRECTORS . .

EDWIN C. AUSTIN  
*Sidley, Austin, Burgess & Smith*

JAMES M. BARKER  
*Chairman of Board,  
Allstate Insurance Company*

MARK A. BROWN  
*President*

THOMAS DREVER  
*Chairman of Board,  
American Steel Foundries*

FRANK R. ELLIOTT  
*Banker*

FRED G. GURLEY  
*President,  
Atchison, Topeka & Santa Fe  
Railway Company*

ARTHUR B. HALL  
*Hall & Ellis*

STANLEY G. HARRIS  
*Chairman, Executive Committee*

WAYNE A. JOHNSTON  
*President,  
Illinois Central Railroad*

JOHN L. McCAFFEY  
*President,  
International Harvester Co.*

F. B. McCONNELL  
*President,  
Sears, Roebuck & Co.*

GRAHAM K. McCORKLE  
*Chairman of Board,  
Illinois Bell Telephone Co.*

FRANK McNAIR  
*Banker*

JAMES L. PALMER  
*President,  
Marshall Field & Company*

RICHARD E. PRITCHARD  
*Vice-President*

GUY E. REED  
*Executive Vice-President*

HAROLD H. SWIFT  
*Chairman of Board,  
Swift & Co.*

STUART J. TEMPLETON  
*Wilson & McIlvaine*

## The Gosbanks

(CONTINUED FROM PAGE 41)

particular, by means of rediscounts, issuance of commercial paper, and by rehypothecation of property hypothecated with the bank.

(9) To make and to receive payments on behalf of others; to make transfers, etc.

(10) To effect settlements between clients upon their request.

(11) To receive subscriptions for state bonds as well as for other approved bonds.

(12) To buy and to sell securities on its own behalf and for others.

(13) To buy and to sell on account of others gold and other precious metals, foreign currency, and exchange.

(14) To receive for safekeeping securities and precious metals; also to receive securities for safekeeping and management.

(15) To receive goods for storage in warehouses and to rent vaults and safes.

(16) To engage in other operations when permitted by the council of the bank.

For a time there was a committee on banks, representing the chairman of the Gosbank and of the various other banks in the Soviet Union. The purpose was to coordinate the activities of the various banks and hence secure a smoother operation



"I got the loan, and none too soon. A garbage truck just made a mess out of the collateral!"

## GOOD IMPRESSIONS

Today this writer got quite a thrill examining a sheet of lithographed checks just off the press. The lines were sharp and clear and the delicate border design was bright and clean, as lithographed borders should be. In all respects the job was perfect.

"Well, where is the thrill in that?" you might ask. "Almost any lithographer can do a perfect job." True enough, but this particular sheet of checks was the sixth millionth impression from the same lithograph press plate . . . and that, friends, is something! How many more millions we will get off this plate cannot be estimated at this time, but certainly as yet there is no sign of wear.

Years ago one hundred thousand impressions off a plate was considered pretty good. Later on, when we standardized on deep etch plates, we would average about three hundred thousand. And now, with a materials cost of perhaps eight times as much but with a

labor cost very little higher, we acquire a plate that will perhaps produce thirty times as many impressions.

Such technological improvements go a long way toward cushioning the squeeze between cost and selling price, and even though such savings are soon gobbled up by ever-increasing expenses, they have a wonderful stabilizing effect upon price schedules and are a lot more satisfying than legislated regulations because, for a lingering pause at least, they preserve profits.

In our own small way we are investing what for us are large sums of money to acquire the things that will permit us to "Do It Easier" and, as a by-product, we do it quicker, better, and relatively cheaper. The things "we cannot afford not to buy" are consuming all our surplus cash but if they enable us to walk less, stoop less, lift less or sit down more, we think it is money well spent.



Manufacturing Plants at:

NEW YORK, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

## COLOMBIA

### Land of American Opportunity

In the years ahead, few countries in South America will offer U. S. business such broad and vital trade opportunities as Colombia. All signs point to a substantial increase in Colombian travel — export and import trade — development of new industries or expansion of existing local industries.

Progressive U. S. banks and business organizations know these facts — are establishing correspondent relations in Latin America, notably in Colombia. In increasing numbers they are taking advantage of the exceptional and complete banking facilities provided by this 39-year-old institution.

With 25 offices, located in all important commercial centers, trade information is quickly gathered and forwarded to you. Special departments are available to handle your collections and letters of credit.

Inquiries cordially invited.

## BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — Bancoquia

Capital paid-up	\$15,000,000. — Pesos Colombian.
Surplus:	\$11,000,000. — Pesos Colombian.
Other reserves:	\$2,400,000. — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armonia (C), Barrancabermeja, Barranquilla (2), BOGOTA (3), Bucaramanga, Cali, Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (1), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (8).

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

and a more efficient relationship. This did not work out. While agreements were readily entered into they were only observed by the various chairmen and their respective banks in so far as they themselves definitely benefited by the arrangement. In instances where they did not benefit, the agreements were ignored. This committee was eventually used in drawing up the various Five Year Plans.

To place foreign dealings under close or even under absolute control, the Gosbank has been given a monopoly in handling and clearing all

foreign transactions. This monopoly means everything must clear through the bank. It must have the bank's approval, not so much on the basis of soundness, a matter of minor importance, but that of compliance with national policy. It has raised the problem, on the part of the bank, of collecting metallic currency, and foreign exchange, and using them to further planned interests. This foreign exchange is strictly for external use, and consists largely of taking over the accounts for sales made outside the country, and using them to pay for purchases made by

the Soviet Government. There are no long-term foreign credits, and the Russians have paid their commitments of a commercial nature in gold or foreign exchange. This situation, on the surface indicating a good credit position, is largely due to the fact that no government or its people would lend to the Soviets in their early days, and Soviet trade since then has been confined largely to marketing surpluses, or even goods that they can hardly afford to export, in order to purchase some of their most persistent needs, particularly machine tools. The Union of Soviet Socialist Republics is relatively self-sustaining, on a very low standard of living.

### Record Keeping Agency

The actual conduct of business of the Gosbanks is largely one of record-keeping, not that of a transfer of money. With the exception, of course, of foreign dealings, a book-keeping transaction does the trick. Balances are shifted from, for example, the coal trust to that of the railway trust and back again, with the restrictive requirement that the parties keep within prescribed limits of their balances and, above all, that they live up to a set plan of financial operations. Interest rates in the early days were high, i.e., 6 percent on demand deposits, and more on time deposits, at times as high as 8 percent. Profits in the bank's operations are of secondary importance. Profits as such are made by the government, in general, through a turnover tax, which goes back at least to 1928. This tax operates generally in the following way: Producers must sell at one of two prices, a relatively low price to the government and in such quantities as it demands; a higher price to the general public, who can buy what is left. While the costs of production have exceeded the cost of sales in some instances, this has not been the general rule. There is frequently a considerable gap. This difference is generally taken, in whole in some cases, by the government. Thus is the government furnished with approximately 66 percent of its money for expenses and expansion.

No one can explain why nature makes the head swell when the mind stops growing.

## *The First National Bank* of Memphis

MEMPHIS, TENNESSEE



### STATEMENT OF CONDITION

At Close of Business, December 31, 1951

#### RESOURCES

Cash and Due from Banks.....	\$ 48,143,317.01
U. S. Government Securities.....	57,122,883.74
State, County and Municipal Bonds.....	14,277,948.21
Other Bonds.....	341,908.25
Other Securities.....	6.00
Stock in Federal Reserve Bank.....	330,000.00
Loans and Discounts.....	99,289,098.88
Customers' Liability Acc't Letters of Credit Executed.....	238,945.33
Bank Premises: Main Office.....	750,000.00
Bank Premises: Branches.....	175,000.00
Other Assets.....	139,696.21
<b>Total.....</b>	<b>\$220,808,803.63</b>

#### LIABILITIES

Capital Stock.....	\$ 4,000,000.00
Surplus.....	7,000,000.00
Undivided Profits.....	1,908,048.85
Reserves for Taxes.....	800,000.00
Unearned Discount.....	662,947.19
Dividend Payable Jan. 1, 1952.....	120,000.00
Letters of Credit Executed for Customers.....	238,945.33
Deposits.....	206,078,862.26
<b>Total.....</b>	<b>\$220,808,803.63</b>

\* MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION \*



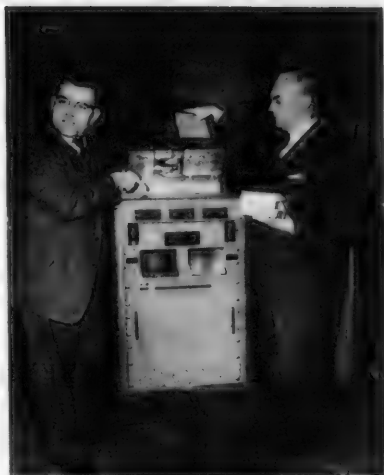
# Counting Old Bills at the Treasury

WHEN you have to handle an average of eight tons of worn paper currency each day and count it accurately, something more than a few wet thumbs is called for. Having counted banknotes by laborious hand process for generations, the Treasury's redemption division in the Bureau of Public Debt sought aid from the National Bureau of Standards, whose scientists came up with a machine that was introduced this year. While all the bugs are not out of it yet, the NBS Electronic Currency Counter saves enough man hours to guarantee its employment indefinitely. Twenty-five of the machines are in use at the annex of the Bureau of Engraving and Printing.

## Worn Notes Counted

The electronic currency counter is used entirely to count the worn \$1 bills, which comprise by number four-fifths of all worn notes sent in for redemption or replacement. While new notes have been mechanically counted for years, worn notes heretofore have defied mechanical handling, being limp, wrinkled, folded and sometimes adhering to each other where they have been repaired with gummy tape. Worn notes are sent in by the "Feds" longitudinally cut into upper and lower halves. What the new machines count are half-notes. Gathered in lots of 100 between numbered wrapper sheets, the half-notes are stapled together at one end while the opposite end is smoothly trimmed in a paper cutter. Trays of these bundles are then fed one by one into the electronic currency counters, which grab the bundles by the stapled end and pull them around a spindle so that the trimmed ends of the individual notes flip successively in front of an electric eye, which does the counting.

If the count is 100, the machine drops the bundle into one basket; if more or less than 100, into another basket. Those bundles which



Secretary of the Treasury Snyder (right) and E. U. Condon, former head of the Bureau of Standards, operating an electronic currency counter

do not pass a second electronic counting are counted by hand, as are all larger denominations. After verification, the half-bills are destroyed, along with the countless fragments which manage to get on the floor during the trimming process. By the end of the afternoon they tend to give it a dingy, lawn-like appearance. Anyway, it's just money.

The half-notes counted by the Treasury in a year, one of its statisticians figures, would reach half way to the moon.

Another interesting machine, also manufactured in Washington, is the Federal Bill Counter, which the Treasury uses in sorting notes by kind and denomination. The machine is made by one of the capital's oldest factories, the D. Ballauf Manufacturing Company, age 96. We visited the plant, located in Chinatown, and learned that the machine has been in use about 24 years throughout the Federal Reserve System. Central banks in England, France, and Cuba also use it, as do a number of commercial banks and department stores in this country.

There are two models of this ma-

chine: the Federal type, which records the numerical breakdown of the bills sorted; and the mixed-money model, which shows the dollar amount. Bills of various denominations are counted while being manually sorted, each into fit and unfit piles. With the bill-counting machine the work is done three times as fast as otherwise, and an inexperienced operator can quickly overtake an experienced hand sorter.

One of the department stores mentioned above uses the machine to make up its payrolls with currency taken in from customers.

We wondered how it happens that Washington is the site of the Ballauf factory. The Ballauf firm started out before the Civil War manufacturing inventors' models, which in those days had to accompany applications for patents. Today, in addition to bill counters, the firm makes the dual-control mechanism used by the AAA for the instruction of beginner drivers of automobiles.

HERBERT BRATTER

The counting mechanism of one of the Treasury's machines



# World Business

(CONTINUED FROM PAGE 40)

profits was substantial. Portfolio investments increased, thanks to speculation on a revaluation of the Canadian dollar and issuance of World Bank bonds, which promptly declined in value. . . . Brazil's President Vargas charges that a "criminal plot" of foreign investors is bleeding that country. The leading investors there are Americans and Canadians. . . . Back from Tokyo,

Harold L. Bache states he will recommend no investments in Japan until present laws there are amended. Ignoring reparations and aid-repayment obligations, Japanese officials are bent on servicing their old dollar bonded debts. . . . An official Mexican Government announcement crows that the \$12,000,000 paid for the 1,600-mile properties of the Southern Pacific Railroad is less than the scrap value of the rails and rolling stock, not to mention bridges, tunnels, and land. . . . Iraq has nationalized two Anglo-Iranian Oil Company subsidiaries.

## NEWS FROM THE TICKER

In El Salvador U.S. dimes are being displaced in circulation by local silver coins. . . . Mexico has been buying silver in London. . . . Yugoslavia decided to face facts; cut the official value of the dinar to one-sixth. . . . Prices the Anglo-Bolivian tin cartel are exacting from Washington are being termed "black-mail" by local observers. . . . Sen. Langer (R., N.D.) failed to persuade the Old North Church in Boston to hang up a lantern to warn of Churchill's visit. . . . Each soldier in Chiang Kai-Shek's army got as a New Year's gift the equivalent of four U.S. cents. . . . Congressman George Bender (R., O.) reports we supply 60.6 percent of the forces fighting in Korea; 88.8 percent of the non-Korean ground forces. . . . All that we seem to gain from four-power talks is more experience with Russia's anti-tude. . . . Indo-Tibetan trade has almost vanished since the Communist invasion from China. . . . All west-coast Latin America is "gravely concerned" over the proposed U.S. tariff on tuna fish. . . . U.S. cheese import restrictions of 1950 are hurting apple exports to angry countries. . . . RFC loan to Philippines, due January 1, has been extended to 1962.

## HOW STERLING WAS DEVALUED IN 1949

At a meeting in St. Louis some months ago someone raised a question as to whether the pound sterling really was devalued in 1949. Apparently U.S. Treasury Circular No. 1, which guides the Customs Bureau on the value of foreign moneys, did not take cognizance of the devaluation. By just what specific legislative or administrative act did Britain devalue? Inquiry of British Treasury representatives in Washington produced only vague, if not evasive, replies. Perhaps the cause of their reticence lies in the phobia against a fixed link to gold which has characterized British opinion since the deflationary return to the gold standard in 1925. An authority now advises us that:

No legislation defines the gold or foreign-exchange value of the pound. Statutory provisions dealing with the relationship of the pound to gold have been abrogated. Hence, adoption of a definition of the pound in

(CONTINUED ON PAGE 134)



WE HAVE NO BRANCHES

This independent bank invites accounts from other banks and corporations. Send us your cash and collection items. Refer your friends to us when they come to Los Angeles.

## STATEMENT OF CONDITION

AS OF DECEMBER 31, 1951

### Resources

Cash on hand and due from Federal Reserve and Other Banks	\$ 66,604,575.92
U. S. Government Securities	60,062,490.07
State and Municipal Bonds	1,926,371.98
Federal Reserve Bank Stock	225,000.00
Loans and Discounts	65,677,485.75
Union Bank Building and Customer Auto Parks	1,650,000.00
Safe Deposit Vaults	1.00
Furniture and Fixtures	1.00
Customers' Liability under Letters of Credit and Acceptances	2,010,622.84
Other Resources	90,723.06
<b>TOTAL</b>	<b>\$198,247,271.62</b>

### Liabilities

Capital	\$ 3,500,000.00
Surplus	4,000,000.00
Undivided Profits	1,814,954.50
Reserved for Contingencies	1,264,636.18
Reserved for Interest, Taxes, Dividends, etc.	1,670,232.87
Liability under Letters of Credit and Acceptances	2,010,622.84
Discount Collected—unearned	456,993.13
Other Liabilities	72,551.92
<b>DEPOSITS: Demand</b>	<b>\$148,697,483.55</b>
Time	25,912,858.23
U. S. Government deposits and other public funds	8,846,938.40
<b>TOTAL</b>	<b>\$198,247,271.62</b>

United States Government obligations carried at \$14,425,508.64 in the foregoing statement are pledged to secure public funds and for other purposes required by law

**UNION BANK & TRUST CO**  
OF LOS ANGELES (8th & HILL)

**OFFICERS**  
Ben R. Meyer  
Chairman of the Board  
Herman F. Hahn  
President  
Joseph C. Lipman  
Senior Vice-President  
Edward H. LeBreton  
Vice-President  
Paul E. Neuschaefer  
Vice-President  
Louis Siegel  
Vice-President  
William C. Neary  
Vice-President  
Hal W. Cross  
Cashier  
William Watson  
Comptroller  
William J. Hunter  
Assistant Vice-President  
John W. Lühring  
Assistant Vice-President  
Harry N. Herzkoff  
Assistant Vice-President  
Rod Maclean  
Assistant Vice-President  
Lauren H. Conley  
Assistant Vice-President  
Leo C. Helfenberger  
Assistant Vice-President  
Warren P. Tenney  
Assistant Vice-President  
Robert E. Getz  
Assistant Vice-President  
Charles H. Landis  
Assistant Cashier  
A. L. Somerindyke  
Assistant Cashier  
Angus J. MacLennan  
Assistant Cashier  
Arthur R. Horne  
Assistant Cashier  
Roland C. Matthias  
Assistant Cashier  
Walter B. Hill, Auditor  
**TRUST DEPARTMENT**  
Don R. Cameron  
Vice-President  
Samuel B. Burnham  
Assistant Vice-President  
Fay H. Kerns  
Trust Officer  
Margaret Morris  
Assistant Trust Officer  
Alfred T. Harwell, Jr.  
Assistant Trust Officer

PERSONAL SERVICE • WE HAVE NO BRANCHES

# Society for Savings

IN THE CITY OF CLEVELAND

Founded 1849

## TRUSTEES

Warren Bicknell, Jr.  
President, Cleveland Construction Co.

Robert F. Black  
President, White Motor Company

Irving C. Bolton  
Vice President, The Warner & Swasey Co.

Harold T. Clark, Attorney

Frank M. Cobb  
Director, Cleveland Electric Illuminating Co.

T. J. Conway  
President, Fisher Brothers Co.

Frederick C. Crawford  
President, Thompson Products Company

John S. Crider

Ernest C. Dempsey  
Attorney, Squire, Sanders & Dempsey

George Durham  
President, Wheeling & Lake Erie Company

Randolph Eide  
President, The Ohio Bell Telephone Company

Mervin B. France  
President

Dwight P. Joyce  
President, The Glidden Company

Frank C. Lewman  
Chairman of the Board,  
Richman Brothers Company

James L. Myers  
President, The Cleveland Graphite Bronze Co.

Laurence H. Norton  
Director, Columbia Transportation Company

Drake T. Perry  
Secretary, Harshaw Chemical Co.

Henry S. Sherman  
Chairman of the Board

Herman L. Vail, Attorney, Sayre, Vail & Steele

John S. Wilbur  
Cleveland Cliffs Iron Company

Arthur P. Williamson  
President, Dill Manufacturing Company

## STATEMENT OF CONDITION

December 31, 1951

### RESOURCES

(Less Reserves)

Cash on Hand and Due from Banks . . . . .	\$ 22,715,400.47
United States Government Obligations. . . . .	85,562,160.19
(Including \$13,500,000.00 as Lawful Reserve)	
Other Investments . . . . .	14,835,571.67
First Mortgage Loans on Real Estate . . . . .	87,538,916.68
Other Loans and Discounts. . . . .	36,895,825.54
Bank Premises—127 Public Square . . . . .	1.00
Bank Parking Lot—W. 3rd & Frankfort Ave.. . . . .	1.00
Interest Accrued and Other Assets. . . . .	743,287.74
Total . . . . .	\$248,291,164.29

### LIABILITIES

Surplus . . . . .	\$ 15,000,000.00
Reserve for Contingencies . . . . .	2,000,000.00
Reserve for Taxes and Expenses. . . . .	693,638.18
Savings Deposits . . . . .	222,591,308.05
Other Deposits . . . . .	5,139,216.52
Deferred Credits and Other Liabilities . . . . .	2,867,001.54
Total . . . . .	\$248,291,164.29



Security and Uninterrupted Dividends to  
Five Generations of Savers

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

terms of gold or foreign exchange, such as the devaluation involved, did not require repeal or amendment of any existing statute. Constitutionally, the devaluation could be—and was—carried out by executive action, namely: The Chancellor of the Exchequer's speech announcing the Cabinet's decision to devalue; the UK's proposal of devaluation to the Fund; and instructions to authorized foreign-exchange dealers to deal at rates corresponding to the devaluation.

### INTERNATIONAL BANK REORGANIZED

In July 1951 the International Bank, which had been established in

Washington at the end of World War I to promote world trade, was bought by a syndicate of industrialists and bankers, including Henry Ford II, Ernest C. Kanzler, Nicholas R. DuPont, Julius Fleischmann and others. Asked to discuss the bank's activities at the start of 1952, the president, T. Reed Vreeland—formerly with the Guaranty Trust Company in London and Paris—grouped the institution's work under three headings, as follows:

*International Trade Division:* This division is engaged in the development of international trade. It is interested in financing the movement of goods, with particular emphasis on exports from the United States to Latin American countries.

*Industrial Development Division:* The Industrial Development Division is engaged in investigation, planning and preparation of the financing of overseas industrial ventures.

*Management Division:* The Management Division of the bank is engaged in rendering management services to the bank's stockholders, directorate, and such outside clients as may seek the bank's assistance. The field of the bank's activities in this respect is confined to advisory services of a management nature in Washington, D. C., and overseas. In addition to the bank's own staff, more than 30 consultants are associated with the bank in the performance of this work, and particular emphasis is given in the assisting of the Government in its economic plans for aid both to underdeveloped areas and to the defense effort in Europe, as well as in this country.

The bank has industrial and mining projects in the planning and financing stages in Chile, Colombia, France, and Japan; and it has extended to American exporters substantial credit facilities in the automotive, aeronautical, and light and heavy machinery fields.

### MEXICO ATTRACTS CAPITAL

Back for a tour of duty in the United States, Commercial Attaché Lew B. Clark described high interest rates as one of the main attractions for foreign capital in Mexico, coupled with the absence of exchange controls. "There are

no restrictions on the free movement of capital into and out of the country. Interest and dividends may be transferred without hindrance, and invested capital may be withdrawn. Spot exchange was stabilized in June 1949 at 8.64 pesos to the dollar," Mr. Clark told *BANKING*.

"The rate for loans on prime paper is 8 percent; and for the average borrower, above 10 percent per annum. Operations at 2 percent monthly are not unusual. Despite this, businessmen seem to make very satisfactory profits, a fact which appeals to many foreign capitalists. Another feature which attracts American direct investments is that Mexican income taxes are quite low by United States standards."

## End Boondoggling, Says Byrd

THIS was the year when the foreign aid program was supposed to expire. During the first six months of the current fiscal year, expenditures on the foreign aid programs, economic and military, totaled nearly \$2-billion. During the same period last year expenditures totaled less than \$1.6-billion. In the first six months this year we spent nearly \$100,000,000 more for economic and technical assistance abroad than we spent for military assistance, Senator Harry F. Byrd (D., Va.) informs *BANKING*.

"In the six years since the end of World War II we have been spending for foreign assistance at an annual average rate of approximately \$6-billion. It will be about the same this year. The European economies are in better condition now than they were before World War II when they were maintaining and building up tremendous armed forces. Now we are called upon not only to continue the subsidy of European economies but also to finance their defense.

"In my opinion," the leader of Senate economy forces urges, "if we are required to continue military assistance, the economic aid, which has been characterized by much WPA boondoggling, should be eliminated."

## World Investors' Tax Service

ACCORDING to Edward F. Bartelt, Fiscal Assistant to the Secretary of the Treasury and U. S. representative on the UN Fiscal Commission, real progress is being made in removing the burdens of international double taxation.

"The Treasury Department in recent years has concluded with various foreign countries tax treaties for the elimination of double taxation," Mr. Bartelt informed *BANKING*. "Income tax treaties are presently in force with Canada, Denmark, France, Ireland, Netherlands, New Zealand, Norway, Sweden, Switzerland and the United Kingdom; and estate tax treaties with Canada, France, Ireland, Norway and the United Kingdom. In addition, the Treasury has participated in the United Nations Fiscal Commission, which is working out and recommending to member countries basic principles to reduce the effects of international double or multiple taxation. Through the Commission's efforts existing international tax agreements have been collected and published in book form. To supply the public with current international tax information, the United States proposed and the Commission adopted a plan for a World Tax Service on tax systems of member countries."



# FIRST NATIONAL BANK

## IN ST. LOUIS

*Statement of Condition, December 31, 1951*

### RESOURCES

Cash and Due from Banks	\$151,866,328.57
U. S. Government Securities	132,886,141.28
Loans and Discounts	192,599,018.05
Loans Wholly or Partially Guaranteed by U. S. Government	49,334,562.97
Other Bonds and Stocks	20,229,824.53
Stock in Federal Reserve Bank	900,000.00
Banking House, Improvements, Furniture and Fixtures	1,343,307.42
Customers' Liability, Letters of Credit, Acceptances, etc.	2,353,302.37
Accrued Interest Receivable	1,380,648.97
Other Resources	3,823.07
	<u>\$552,896,957.23</u>

### LIABILITIES

Capital Stock	\$14,000,000.00	
Surplus	16,000,000.00	
Undivided Profits	<u>6,138,472.10</u>	36,138,472.10
Dividend Declared		350,000.00
Reserve for Taxes, Interest, etc.		3,497,005.09
Unearned Discount		575,724.86
Liability, Letters of Credit, Acceptances, etc.		2,478,289.87
Other Liabilities		309,584.74
Demand Deposits	\$438,903,182.97	
Time Deposits	58,450,717.14	
U. S. Government Deposits	<u>12,193,980.46</u>	
Total Deposits		<u>509,547,880.57</u>
		<u>\$552,896,957.23</u>



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The Canadian Bank of Commerce, with nearly 100 branches in the oil areas, is uniquely equipped to aid oil and allied industries . . . with constructive, efficient banking service.

Why not call on us?

*These facilities are at the disposal of American Banks in behalf of their customers.*

## The Canadian Bank of Commerce

Head Office—Toronto  
New York • San Francisco • Los Angeles  
Seattle • Portland, Ore.  
and nearly 600 Canadian Branches

*(The Bank does not advise on the merits of oil securities)*



## UNION PLANTERS NATIONAL BANK

SINCE 1869

MEMPHIS, TENN.

### Condensed Statement

At the Close of Business December 31, 1951

#### RESOURCES

Cash and Due from Banks	\$ 79,122,931.69
U. S. Government Securities	56,739,847.93
Securities of Instrumentalities of the United States Government	4,726,449.38
State and Municipal Securities	14,555,816.26
Stock in Federal Reserve Bank	390,000.00
Other Securities	1,478,738.04
Loans and Discounts	130,858,219.19
F.H.A. Insured Mortgages	3,605,883.63
Banking Houses and Fixtures (Main Office and Branches)	3,644,000.00
Customers' Liability A/C Letters of Credit and Acceptances	1,624,986.07
Accrued Interest Receivable	355,779.46
Other Assets	130,257.46
<b>TOTAL</b>	<b>\$297,232,909.10</b>

#### LIABILITIES

Capital Stock	\$5,000,000.00
Surplus	8,000,000.00
Undivided Profits	3,656,777.17
Reserve for Interest, Taxes and Expenses	1,792,102.40
Interest Collected but not Earned	759,393.04
Letters of Credit and Acceptances	1,624,986.07
Deposits	276,399,650.42
<b>TOTAL</b>	<b>\$297,232,909.10</b>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 60)

win Agricultural College, Tifton, in cooperation with GBA.

The students attending the sessions were sponsored by a bank in their respective home communities.

In addition to the scholarship program, the GBA's agricultural committee sponsors a number of other activities, including two, two-day bankers farm credit short courses.

Among the other projects during the year were:

A \$100 award to the outstanding FFA chapter in the state for purchase of purebred livestock.

A "Get Acquainted" party on the first evening of the 4-H Club State Congress in Atlanta.

The association's second County Key Bankers Convention was held in Atlanta in September.

*Conserving Soil Resources*, a \$2 book, was presented to all county key bankers, with GBA defraying half of the expense and the Soil Conservation District the other half.

Three prizes of \$50, \$30, and \$20 were awarded in the GBA's public speaking contest at meeting of SCS District Supervisors in Macon.

A \$100 award to the Future Homemakers of America girl selected as president of the state organization.

Another interesting project, a one-day Livestock Production Symposium with a grasslands farming tie-in, was held in Raleigh last month, when leading authorities spoke on various aspects of livestock production.

The symposium was designed to give the bankers the latest technical information on livestock production and the best methods of making livestock loans, with college leaders and bankers presenting views.

### Farm Income Tax Manual

THE 168-page 1952 *Farmers Income Tax* (on 1951 Income), by Samuel M. Monatt and recently published by Commerce Clearing House, Inc., is written entirely from the farm tax point of view. The two basic forms of tax reporting, namely, cash basis and accrual basis, are treated separately to avoid confusion.

In addition to including full information on the preparation of forms 1040F, 1040, 1065, and 1096, Mr. Monatt has incorporated sections on record-keeping topics.

MARY B. LEACH

BANKING

## Better Bank Public Relations ... By Mail

(CONTINUED FROM PAGE 57)

Henry A. Kugeler, president, The Denver National Bank, Denver, Colorado, mails the following letter of thanks to persons who open checking accounts, and also to those who open substantial savings accounts.

The message creates a cordial relationship with new customers:

Dear Mr. Gregory:

Thank you for selecting The Denver National Bank as the depository of your funds.

It is our sincere desire to make this new relationship mutually pleasant and profitable. Our objective is to offer you an informal, highly efficient service that will meet all your banking requirements. We hope you will find additional ways in which The Denver National Bank can be of assistance to you.

Again our thanks for the confidence you have placed in us. It will be a pleasure to be of service in every way possible.

Cordially yours,

Fred L. O'Hair, president, Central National Bank, Greencastle, Indiana, expresses appreciation to old customers through the use of this timely "tenth anniversary" letter:

Dear Mr. Baker:

Your account at the Central National Bank was opened exactly ten years ago today.

We do not want to let the day pass without expressing to you our deep appreciation of your confidence and friendship these past ten years.

It is our hope that the association with you during the past decade has been as pleasant to you as it has been to us, and that we shall be privileged to serve you for many more years.

Sincerely,

The following letter welcomes back former customers who reopen their savings accounts at the Commercial Bank, Champaign, Illinois. The letter is used by Thomas A. Hagan, president:

Dear Mr. Potter:

It is always good to see an old friend return, so the reopening of your savings account at the Commercial Bank pleases us very much.

We appreciate the confidence that you have again placed in us, and we shall do our utmost to deserve it.

Cordially yours,

All four of "this month's outstanding letters" are used systematically in full-scale programs of bank public relations. In the course of a year these letters go to many readers. Yet each one has the tone of a *personal* message. Each one sounds as if it had been written to *one person*.

## Visabank Starts New Accounts— Speeds the Growth of Old Ones

It's fun to save the Visabank way. This eye-catching home savings bank presents a constant invitation to save money. Its ability to build accounts is simply astonishing.

### Visabank is Your Permanent Advertisement in the Home

Your name is hot stamped in gold on front of bank, and your full advertising message is printed on card insert at rear. Result Visabank is working for you every hour in the day.

### Visabank is self-liquidating— another great advantage

Full range of beautiful colors—solid, marbleized, and pearl essence. Free sales and advertising-helps.



Write for full information to **PATENTED PLASTICS, INC.** 1010 Woodland Ave. Cleveland 15, Ohio

# MODERN AIR MAIL DISPATCH

*often makes funds available days earlier*

AMERICAN  
TRUST  
COMPANY

BANKING  
*Since 1854*

Many correspondents save valuable time by routing *all* western items to American Trust Company. Our Day-and-Night Transit operation assures swift service. Our many offices and west-wide relationships offer exceptional facilities for collection.

*Air mail your West Coast items to*  
**AMERICAN TRUST COMPANY**  
*San Francisco*

## Statement of Condition

December 31, 1951

### RESOURCES

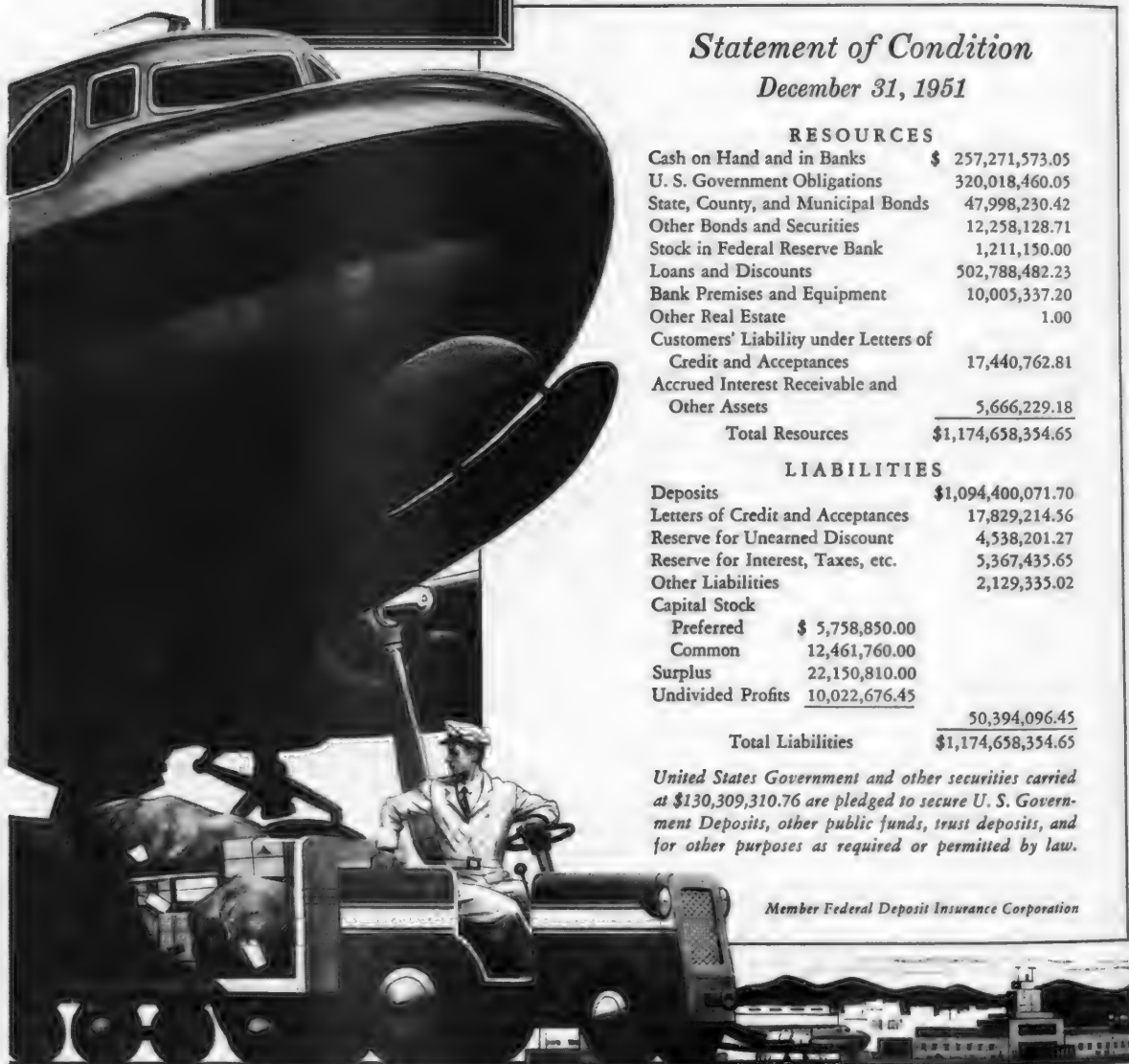
Cash on Hand and in Banks	\$ 257,271,573.05
U. S. Government Obligations	320,018,460.05
State, County, and Municipal Bonds	47,998,230.42
Other Bonds and Securities	12,258,128.71
Stock in Federal Reserve Bank	1,211,150.00
Loans and Discounts	502,788,482.23
Bank Premises and Equipment	10,005,337.20
Other Real Estate	1.00
Customers' Liability under Letters of Credit and Acceptances	17,440,762.81
Accrued Interest Receivable and Other Assets	5,666,229.18
<b>Total Resources</b>	<b>\$1,174,658,354.65</b>

### LIABILITIES

Deposits	\$1,094,400,071.70
Letters of Credit and Acceptances	17,829,214.56
Reserve for Unearned Discount	4,538,201.27
Reserve for Interest, Taxes, etc.	5,367,435.65
Other Liabilities	2,129,335.02
Capital Stock	
Preferred	\$ 5,758,850.00
Common	12,461,760.00
Surplus	22,150,810.00
Undivided Profits	10,022,676.45
	50,394,096.45
<b>Total Liabilities</b>	<b>\$1,174,658,354.65</b>

*United States Government and other securities carried at \$130,309,310.76 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.*

*Member Federal Deposit Insurance Corporation*





## Tarheel Banker and Tree Farmer

*This report on the tree farming activities of Banker BILL HOOKS was written for BANKING by ED STOUT, southeastern manager, American Forest Products Industries.*

**T**IMBERLAND owners around Whiteville, North Carolina, don't have to tell their banker about the investment virtues of tree growing land. He tells them!

The banker is Bill Hooks, president of the Whiteville First National, and a successful North Carolina tree farmer in his own right.

In just 10 years Banker Hooks has harvested enough timber from a 75-acre woodlot on his farm to build nine tobacco barns, five tenant houses, a six-room residence and two garages. At the same time the farm woods have provided fencing materials, stove wood and peanut poles for the 325-acre farm.

"We keep the fire out and practice selective cutting to provide better growing conditions for the smaller trees," the North Carolina banker explains. "I figure that tract of woods can produce all the timber our farm needs forever and leave a surplus for cash sale, too."

### Three Generations

The farm has been in Mr. Hooks' family for three generations. Today it is a partnership operation run by Banker Hooks and his Navy-veteran son, Billy. Crops, beside timber, include tobacco, peanuts, cotton, hogs, sweet potatoes, and a variety of legumes.

Mr. Hooks, a dirt farmer before he became a bank president, believes tree farming and general agriculture should receive equal attention.

"A well-managed forest provides off-season jobs for farm labor and needed materials for farm buildings and fences plus cash crops of sawlogs and pulpwood besides," says Mr. Hooks. "The woodland owner who fails to practice good forestry is overlooking a gold mine right at his back door."

As a banker, Mr. Hooks encour-



Banker Hooks and his tree farming partner-son, Billy, pose beside the sign erected on the boundary of their farm. Trees, such as those shown in the background, provide regular crops of wood for sale and farm use

ages woodland owners to take a long-range viewpoint, not just a single year's return.

He actively supports the North Carolina Forestry Association in its educational campaign in behalf of wise woodland management. When that organization in cooperation with the Southern Pine Association launched the North Carolina Tree Farm program in 1944, Banker Hooks gave full support. He's an equally active campaigner for Keep Green, the forest fire prevention educational campaign now underway in North Carolina and 29 other timberland states.

"Fire prevention and tree farming go together," Mr. Hooks says. Ever since he served as his district's first warden when the North Carolina cooperative forest fire control program began 25 years ago, Mr. Hooks has been campaigning for better forest protection.

His advice to woodland owners is "be ready for fire at all times. Don't wait until it starts."

Banker Hooks practices what he preaches: His tree farm is divided into 20- or 25-acre plots separated by 20-foot wide fire lanes that are freshly plowed each year.

(END)

## Property Accounting Affects Profit

- Earning statements are substantially influenced by the accounting treatment of capital and expense items and by depreciation policies. Continuous American Appraisal Service provides the tool for better control of property and depreciation accounting.

The **AMERICAN APPRAISAL** Company



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## News About Banks

The ANGLO CALIFORNIA NATIONAL BANK'S Oak Park Office, Sacramento, is now occupying its newly enlarged quarters. Floor space was doubled through altering the adjoining premises.

The SCHENECTADY (New York) SAVINGS BANK celebrated its 118th anniversary with a gala open house in its newly enlarged and remodeled office on January 5.

FIDELITY-PHILADELPHIA TRUST COMPANY is establishing two new offices, which it expects to have in operation early in the spring.

The UNION NATIONAL BANK, Marquette, Michigan, celebrated its 30th anniversary jointly with the opening of remodeled quarters. One of the features is the employees' lounge which in the evenings is to be used by community organizations.

Directors of the FIRST NATIONAL BANK of Norwood, Ohio, have voted

to merge with the FIRST NATIONAL BANK OF CINCINNATI.

The MOUNT VERNON TRUST COMPANY is to merge with THE COUNTY TRUST COMPANY, White Plains, New York.

The BRONXVILLE (New York) TRUST COMPANY is to combine with the FIRST NATIONAL BANK OF NEW ROCHELLE.

When the FRANKLIN NATIONAL BANK opened its new Levittown (New York) office recently, over 14,000 people came. Over 2,900 opened new accounts and over 800 rented safe deposit boxes. At one time on opening day there were over 3,000 people in the lobby.

When the NAPERVILLE (Illinois) NATIONAL BANK opened its new banking house it published a well-illustrated booklet to commemorate the event. The booklet's theme: "Any community worth living in is worth doing something for."

A customer told the ATLANTIC NATIONAL BANK, Jacksonville, Florida, that "It's a pleasure to bank at the Atlantic." So the bank used the comment as the title of an illustrated booklet published to mark the formal dedication of its new building.

The FARMINGTON (Connecticut) SAVINGS BANK has published a booklet to commemorate its 100th anniversary.

A clothbound book of over 100 pages, *They Faced the Future*, by Frances Leigh Williams, is a history of the STATE-PLANTERS BANK AND TRUST COMPANY, Richmond, Virginia, "and its Antecedents."

We are pleased to announce that

**JOHN J. COMAN**

will be admitted as a Partner  
of this firm as of January 2, 1952

★

**C. J. DEVINE & CO.**

48 Wall Street, New York 5, N. Y.

## What Every Banker Should Know

Coinurance will save money. As an Insurance Buyer you should know exactly what the money-saving coinurance clause is and how it works. We'll be glad to send you a complete description upon request. No obligation, of course.

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GROUP OF INSURANCE COMPANIES  
*Time Tried and Fire Tested*

The Phoenix Insurance Co.  
Hartford, Connecticut  
The Connecticut Fire Insurance Co.  
Hartford, Connecticut  
Equitable Fire & Marine Insurance Co.  
Providence, Rhode Island  
Minneapolis Fire & Marine Insurance Co.  
Minneapolis, Minnesota

The Central States Fire Insurance Co.  
Wichita, Kansas  
Atlantic Fire Insurance Co.  
Raleigh, North Carolina  
Great Eastern Fire Insurance Co.  
White Plains, New York  
Reliance Insurance Co. of Canada  
Montreal, P. Q., Canada

Genuine Engraved *Letterheads*  
FREE DESIGNING  
FREE PROOF  
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**\$15.00**  
FOR 1000  
**The Clark Company**  
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## MAKING LOANS TO FARMERS

or to business men doing business with farmers, you can profit by the practical advice of the Doane Agricultural Digest and its twice-monthly releases. More than 1900 banks renew their subscriptions each year—because it pays to keep posted on agricultural developments . . . Write for Free Sample Releases . . . Doane Agricultural Service, Inc., Box 87, 5142 Delmar Blvd., St. Louis 8, Mo.

# Growing

## STATEMENT OF CONDITION

at the close of business December 31, 1951

### ASSETS

Cash on Hand and Due from Banks . . . . .	\$210,215,820.03
United States Securities Owned . . . . .	121,274,575.20
State, County and Municipal Bonds . . . . .	11,512,534.63
Stock in Federal Reserve Bank . . . . .	720,000.00
Other Bonds . . . . .	73,100.00
Loans and Discounts . . . . .	194,758,349.94
Income Accrued . . . . .	995,325.33
Letters of Credit and Acceptances . . . . .	8,897,444.25
Banking House and Equipment . . . . .	3,841,393.55
Other Assets . . . . .	28,001.00
	<hr/>
	\$552,316,543.93

### LIABILITIES

Capital Stock . . . . .	\$12,000,000.00	
Surplus Fund . . . . .	12,000,000.00	
Undivided Profits . . . . .	4,348,565.58	\$ 28,348,565.58
Reserved for Contingencies . . . . .		3,152,091.96
Reserved for Taxes, Etc. . . . .		3,297,718.31
Interest Collected not Earned . . . . .		315,766.58
Letters of Credit and Acceptances . . . . .		8,897,444.25

### DEPOSITS

Individual . . . . .	\$289,348,372.38	
Banks . . . . .	207,854,550.16	
U. S. Government . . . . .	11,102,034.71	508,304,957.25
		<hr/>
		\$552,316,543.93

76<sup>th</sup>  
YEAR OF  
DEPENDABLE  
CORRESPONDENT  
SERVICE

# FIRST NATIONAL BANK IN DALLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## SERVICE

Maintaining an intimate, personalized correspondent service.

## EXPERIENCE

Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.


## POLICY

To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

# The Public National Bank and Trust Company of New York

Established 1908

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Chicago 4, Illinois

## Market Research

(CONTINUED FROM PAGE 45)

certain questions; and the answers are tabulated according to income, occupation, age, sex, marital status, and other characteristics. Since service is all that banks have to sell, it is pertinent to learn (1) how the public regards the services of banks as a whole in each community and (2) what people think of each bank. Well-conducted surveys provide the desired information. A notable example was a survey made in Ann Arbor in May 1951. It was based on interviews with a substantial number of Ann Arbor residents, scientifically chosen to be representative of all residents. Some interesting facts were established which should be very valuable in determining future promotional programs for the local banks.

Asked what services a good bank should offer, the majority were ignorant of all but checking and savings accounts. The following table lists the services that were mentioned:

Services mentioned	Percentages of total mentions	
	Men	Women
Checking account	90%	78%
Savings account	83	77
Loans and mortgages	40	18
Home building and buying loans	33	11
Financial advice	31	19
Small personal loans	27	12
Cashing checks	23	29
Safety deposit boxes	21	22
Car loans	21	6
Christmas savings club	6	13
Travelers checks	4	10
Drafts	4	0
Cashier's checks	4	5
Miscellaneous	8	11

As may be noted, men and women differ in their recognition of banking services. More women than men suggested executor and trust department but the total number was so small that it had to be included in "Miscellaneous."

The total patronage of each bank and branch was indicated. In order of importance, customers like their bank because of friendly service, convenient location, quick service, friendship with individual employees, and other miscellaneous rea-

sons. The chief dislikes were high charges, slow service, and unfriendly service. A large majority felt that Ann Arbor banks were average or above average in performance of their services; but some preferred to patronize out-of-town banks.

That each bank has little excuse for complacency was indicated by the fact that nearly one quarter of their present customers had previously patronized other local banks and transferred because of inconvenience, poor treatment, dislike of personnel, or to obtain a specific service, such as a personal or mortgage loan.

Opinions relating to specific banking services were also obtained. In financing the purchase of a car, a majority prefer to borrow from banks, while finance companies and dealers rank second and third. Similarly in buying a home, two-thirds prefer to borrow from a bank, while Government agencies and building and loan associations rank second and third. For personal loans, banks rank first, friendly individuals are second, and finance companies a poor third. In all of these, the lower interest rate is the most important reason for patronizing a bank.

### Conclusions to Draw

From these and related facts, a wide-awake bank executive in Ann Arbor should speedily conclude that his bank needs to tell both the public and its customers about the specific services it offers. For instance, financial advice usually is a free service, yet less than one-third of Ann Arbor residents think of it as a service which a good bank should offer. When more than one-half of the public does not include the making of loans among the services a bank should offer, it is time for banks, in their own interest, to resort to more aggressive public relations and promotional effort.

This method of market analysis could be applied in many specific ways to the problems and needs of a bank in any community. The facts obtained enable the management to evaluate its performance, to focus its effort on needed improvements, and to formulate new policies and programs with greater assurance of success.



# Internal Control

(CONTINUED FROM PAGE 49)

use should be sufficient cause to arouse suspicion. A good reason should be required for the after-hours presence of any employee in the bank's premises.

## Individual Ledger Trial Balances

Trial balances of depositors' ledgers should be taken periodically by someone other than the bookkeeper who normally posts to these ledger accounts. This arrangement can be conveniently made by having bookkeepers exchange ledgers when trial balances are taken. Some person not directly associated with the individual ledger bookkeeping operations should be charged with the responsibility of combining totals of the trial balance runs of the individual ledgers and comparing the grand total of all accounts with the control account carried in the general ledger. If this practice were consistently followed, it would be a difficult matter for a dishonest bookkeeper or other employee to falsify depositors' accounts or the proof of them in order to hide the evidence of his dishonest acts.

If a defrauder has falsified the individual bookkeeping records, there is a good chance that the falsification will be discovered by following this method of proof of individual ledgers. Moreover, the knowledge that effective control is being practiced is likely to discourage an attempt to conceal theft by fraudulent manipulations of depositors' accounts.

## Verification of Depositors' Passbooks

Where passbooks are used, it is a good practice to ask depositors to leave them occasionally for verification of entries. Checking the entries in the passbook with the postings on the depositors' accounts provides a good means of verifying the bank's records. If a deposit appears in the passbook which is not shown on the depositors' account, an investigation will determine the cause of the discrepancy. Errors in posting to wrong accounts would show up this way and may be corrected. Deliberate falsification of the bank's records would also be revealed in this manner.

Not only should the amounts be

verified, but the dates appearing in the passbooks should be compared with the dates on which the deposits were posted to the accounts. An investigation of the reason why deposits are posted on a date later than that appearing on the passbook may reveal a practice of withholding of deposits by a teller to cover a temporary "loan" or a similar fraudulent operation.

## Reconciling Correspondents' Statements

An employee in charge of issuing drafts on correspondent bank accounts or the general ledger bookkeeper may attempt to conceal embezzlements by making false entries in these accounts. When the same person who issues drafts or who posts the general ledger reconciles the correspondent bank statements, he has an opportunity to conceal his fraudulent manipulations by forcing reconcilements.

Effective internal control requires that some person other than the one issuing drafts or posting the general ledger reconcile the correspondent bank statements. Any irregularity in the bank's records would show up in the reconciliation and cause an investigation which would likely result in uncovering the fraud.

## Proving Outstanding Official Checks

When official bank checks are returned to the bank for payment, they should be stamped paid on the original record of checks issued by someone other than the person who issues the checks and records their issue. The record of outstanding unpaid checks should be proved frequently by runs made by some other person. The run is made by picking up the amount of all checks issued which have not been stamped paid. The total of these unpaid checks should prove with the total of outstanding checks shown on the general ledger account. Any discrepancy between the two amounts would cause a search to determine the cause. If fraud is present, it should be uncovered. This practice not only shows up any attempt to conceal

---

*Some people are born suckers; some try to get something for nothing; the rest pay \$2 down and \$2 a month.*

---

fraud, but also discourages such attempts.

## Proving Bank Assets

Notes, mortgages, securities, and other similar assets owned by the bank should be proved against the bank's records by some person who does not customarily handle these physical assets or record them. This procedure provides the desired double check which aids in the prevention and detection of any fraudulent manipulations attempted through the processing of the accounting entries covering such assets.

## Direct Verification of Balances

All of the various internal control procedures suggested here have a share in attempting to close the loopholes which provide inducements and opportunities to steal and conceal the thefts. These are still not enough. A very dangerous loophole remains. The bank's records may prove out satisfactorily in all respects, yet some of the assets or liabilities may not be what they purport to be. Notes or mortgages may be fictitious, inflating assets; depositors' balances may be understated, deflating liabilities. These possibilities are best explored by verification of balances direct with borrowers and depositors. The Banking Commissioner of the State of New Jersey recently issued orders which show a recognition of the need and efficacy of this method of control. The new ruling requires, among other things, (a) confirmation of the correctness of their obligations to banks of 10 percent of borrowers with mortgage loans of more than \$1,000; and (b) confirmation of the correctness of their accounts by 5 percent of depositors.

The bank is almost certain to obtain a quick reply from a borrower who is informed that he owes a nonexistent debt or if the amount of his debt is overstated. Likewise, a depositor will quickly object to the confirmation of a balance which is understated. Dormant checking and savings accounts, as well as active accounts, should be covered by this direct verification procedure. In addition to accomplishing the primary purpose of revealing possible error or fraud, direct verification could well be the means of reviving some of the dormant accounts.

## Washington

(CONTINUED FROM PAGE 37)

proposed higher reserve requirements will not, under presently foreseeable circumstances, receive serious consideration this year from Congress.

### Backs VCR

CHAIRMAN MARTIN has vigorously backed VCR. The banker survey of prospective loan trends gives VCR inferential support as well, it was indicated. This survey probably will show that, if loans increase unduly, there are defense

and defense-supporting causes therefor, as well as perhaps other factors, like the Mills plan.

VCR has now reached the point where both the regional and national committees are dealing with borderline cases, and where the nature of the credit use, as inflationary or otherwise, requires close study. It is said that the main principles of VCR are now for the most part both clearly outlined and widely understood, leaving the voluntary committees the job of ascertaining the desirable objective in relatively close cases.

In connection with VCR, the National VCR Committee's statement of December 19 revising Bulletin

No. 2 on business capital expenditures is recommended by officials for attention. The immediate stimulus for this revision was to remove any blanket approval under VCR for any business capital expenditure which got tax amortization, materials priority, or other official recognition, just because it got such recognition.

On the other hand, this revised Bulletin No. 2 "spells out" more concretely than other VCR bulletins the desirable and undesirable objectives of credit use. It also asserts emphatically that, regardless of the type of financing used, it is subject to VCR.

### Tax Questionnaire Results Prepared

GOV. MARTIN has also cooperated with the American Bankers Association, as well as other organizations representing the banking business or specialized fields within this industry, in the issuance of the questionnaire to selected banks to ascertain the effect of current Federal corporation income tax returns on their net earnings position and the influence these earnings have both upon capital retention and on capacity to attract new equity capital investment.

It had been hoped earlier last month that at least some parts of the study, based upon the responses to this questionnaire, might be made publicly available during the present month. In any case these results will be provided for the information of the taxing committees of Congress when the latter consider ways of eliminating the worst inequities of excess profits taxation.

### Supports Correspondent Banking

ANOTHER of the evidences that Chairman Martin supports the private, competitive banking system was his issuance in December of the first statement to come from the Federal Reserve Board in many years attesting to the usefulness of the correspondent banking system. This statement, which was given to the daily, privately owned newspaper, *American Banker*, said that the preservation of a sound commercial banking structure and a stable economy were alike the objectives of the correspondents.  
(CONTINUED ON PAGE 146)

## approach

When we receive a request from a correspondent, we first ask ourselves — "In his place, what is the best service we could expect?" Then we set out to give that kind of service.

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION  
MEMBER FEDERAL RESERVE SYSTEM

Daniel W. Bell, President



# THE DETROIT BANK

## Condensed Statement of Condition

December 31, 1951

★

### RESOURCES

CASH AND DUE FROM BANKS . . . . .	\$128,269,633
UNITED STATES GOVERNMENT OBLIGATIONS . . . . .	278,762,584
STATE AND MUNICIPAL SECURITIES . . . . .	44,717,018
CORPORATE AND OTHER SECURITIES . . . . .	15,420,256
LOANS AND DISCOUNTS . . . . .	93,382,071
REAL ESTATE LOANS . . . . .	85,601,349
FEDERAL RESERVE BANK STOCK . . . . .	585,000
OTHER REAL ESTATE . . . . .	23,933
BANK PROPERTIES AND EQUIPMENT . . . . .	3,557,066
(Main Office and Thirty-Four Branch Offices)	
ACCRUED INTEREST AND PREPAID EXPENSE . . . . .	2,399,059
CUSTOMERS LIABILITY ON ACCEPTANCES AND CREDITS . . . . .	140,662
OTHER ASSETS . . . . .	108,190
TOTAL . . . . .	<u>\$652,966,821</u>

★

### LIABILITIES

#### DEMAND DEPOSITS:

INDIVIDUALS, CORPORATIONS AND OTHERS . . . . .	\$307,288,926
U. S. GOVERNMENT . . . . .	9,356,440
OTHER PUBLIC FUNDS . . . . .	<u>19,207,164</u>
	\$335,852,530

SAVINGS DEPOSITS . . . . .	<u>285,221,750</u>
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TOTAL DEPOSITS . . . . .	<u>\$621,074,280</u>
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UNEARNED INTEREST . . . . .	1,145,769
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ACCRUED DIVIDENDS, EXPENSES AND OTHER	
---------------------------------------	--

LIABILITIES . . . . .	2,252,555
-----------------------	-----------

ACCEPTANCES AND LETTERS OF CREDIT . . . . .	140,662
---	---------

PREFERRED STOCK (100,000 SHARES) . . . . .	\$ 2,000,000
--	--------------

COMMON STOCK (300,000 SHARES) . . . . .	6,000,000
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SURPLUS . . . . .	12,000,000
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PREFERRED STOCK RETIREMENT PROVISION . . . . .	2,000,000
--	-----------

UNDIVIDED PROFITS . . . . .	5,356,669
-----------------------------	-----------

GENERAL RESERVES . . . . .	<u>996,886</u>
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TOTAL . . . . .	<u>\$652,966,821</u>
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United States Government Securities in the foregoing statement with a par value of \$25,540,000 pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$3,083,998.

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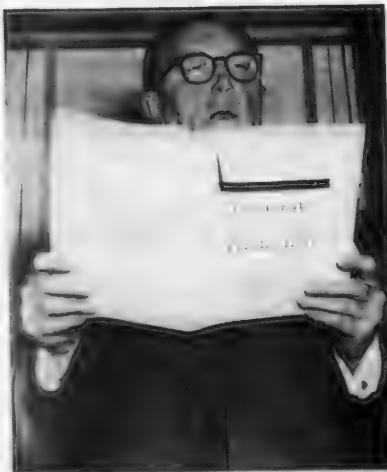
(CONTINUED FROM PAGE 144)  
pendent banking system and the Federal Reserve System.

### Truman Program Unfolds as Expected

FOR the most part, President Truman's program, as unfolded by his opening session messages, lived up to the consensus of Washington expectations, as reported in the January issue of **BANKING**.

The idea, reported since then in the daily press that there would seem to be a "cut-back" in military spending or that the prospective deficit would be a great deal smaller than expected, appeared to be dispelled. The President did, in fact, curtail the demands of the military for appropriations as submitted to him by the Defense Department, but these demands were, as one official pointed out, "so far beyond reason" that they had to be curtailed.

In the result as recommended, however, one widely made prediction was borne out. This was that the enlarged military program, especially the proposed enlarged Air Force, postpones beyond 1953 the promised "leveling off" in military spending. Mr. Truman said that the peak would be reached in the next two years. Of course, however, what



WIDE WORLD  
Defense Mobilizer Charles E. Wilson reading from his fourth quarterly report, entitled *The Battle for Production*

that peak will be and when it will be reached depends upon what Administration is in charge of the country in 1953.

So far as Mr. Truman is concerned, it would appear that he is going little, if any, slower on his objective, reported previously in **BANKING**, of total security programs of \$65-billion per year. By total "security" programs is not meant merely the plus \$50-billion on the U. S. military establishment, but foreign arms and economic aid,

and "defense-related" expenditures. The latter include defense housing, atomic energy, material stockpiling, civil defense, and several other things.

In his annual "State-of-the-Union" message, the President seemed to display a suspicion that very little of his Fair Deal would be enacted. On the other hand, the President specifically advocated, even if "only for the record," virtually the entire unenacted Fair Deal. Specifically he proposed:

Federal money for electric power generation and transmission; more housing for defense workers; Federal aid for training doctors; either a national health insurance plan or a substitute he might like; increased contributory old age pension payments; generally increased payments to public assistance clients; higher "cost of living" pensions for veterans; something like the Brannan plan of farm subsidies; and amendment of the Taft-Hartley law.

Finally, the President favors restoring the tighter controls on consumer and home mortgage financing. This is a proposition, of course, which is likely to be ignored by Congress, barring a more serious emergency than is now foreseen.

What was regarded as one of the more significant phases of Mr. Truman's first message was the indication that the U. S., after the Truman-Churchill conferences, was going to take a greater part in stopping the Communists in Indo-China and Malaya.

### Monetary Compendium Delayed

DESPITE the best of intentions, publication of the "Compendium of Monetary Views" (this probably will not be its exact title) was delayed beyond last month.

This publication will consist of the full texts of the answers of Government officials to the questionnaires sent by the Subcommittee on General Credit Control and Debt Management, a subcommittee of the Congressional Joint Committee on the Economic Report. The Compendium also will consist of condensations of answers from bankers, insurance executives, brokers, security dealers, and economists.

Separate questionnaires were sent out for each of the latter groups, as well as separate questions for each of the Federal agencies and

### Have You Seen . . .

(1) President Truman's Annual Message on the State of the Union. Write to Joseph Short, Secretary to the President, the White House, Washington 25, D. C.

(2) Formal announcement of the sale of VA direct loans. Write to the Information Service, Veterans Administration, Washington 25, D. C., for the release of December 20, 1951, on this subject.

(3) The text of the revision of Bulletin No. 2 of the National VCR Committee. Write to the National Voluntary Credit Restraint Committee, Board of Governors of the Federal Reserve System, Washington, 25, D. C.

(4) A report on "Life Insurance Company Loan and Investment Commitments" as issued by VCR. Write to the National VCR Committee, same address as above.

(5) A report on the progress of V-loans through November 1951. Write to the Board of Governors of the Federal Reserve System, Washington 25, D. C., for this statement, dated December 29, 1951.

(6) A pamphlet entitled *The Administrative Versus the Cash-Consolidated Budget*, by Harley L. Lutz, tax consultant of the National Association of Manufacturers. Write to the NAM at 14 West 49th Street, New York 20, N. Y.

(7) *The Battle for Production*, being the Fourth Quarterly Report to the President by the Director of Defense Mobilization, Washington 25, D. C. This discusses the progress of the defense production program and indicates trends ahead.



for the state banking supervisors. Chairman Wright Patman (D., Tex.) of this subcommittee indicated the theme for the study was whether the Federal Reserve System ought not to be made more amenable to the wishes of the Federal Administration.

Already the Chamber of Commerce of the United States, the Investment Bankers Association, and several banks and security dealers have registered an unmistakable emphasis upon the desirability as they see it of maintaining the independence of the Reserve System from political control.

Thirty-days' notice is to be given to prospective witnesses at the public hearings. It is believed that the open hearings will not be held until the Compendium has been published for about a month. This is to permit all witnesses to have an opportunity to study carefully the voluminous replies to the written questionnaires. The oral testimony is intended to "rebut" or supplement the written testimony contained in the Compendium rather than to duplicate it.

#### Inducements Due On F and G Bonds

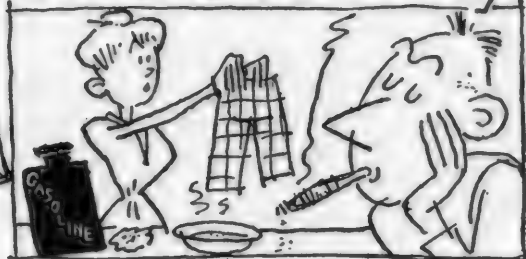
IN THE calendar year 1953, F and G bonds will begin to mature in volume. Maturities of the G's will total \$985,000,000, while maturities of the F's will amount to \$193,000,000.

This is reminiscent of the problem which confronted the Treasury at the beginning of last year, for in 1951 E Bond maturities in volume were in sight. In 1951 the Treasury offered, and Congress passed, the law which provided that holders of maturing E Bonds could continue to hold these investments and receive, depending on the length of time they were further held, from 2.5 percent to 2.9 percent return.

At the time of writing no decision had been made or was imminent as to what inducements should be offered to holders of F's and G's to retain their investment in these or comparable Treasury securities. A decision might not need to be made until next year. On the other hand, there was considerable expectation that in the near future the Treasury might decide what inducements it would offer to holders of these issues.



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When that decision is made, it is likely to be embodied in proposed legislation, as was done for maturing E Bonds, and offered to Congress for passage.

In connection with this decision, it is within the range of possibility that holders of all three types of Savings Bonds may be offered a larger yield during the earlier years these securities are held than is the case at present.

Present sentiment, it is believed, is against raising the rates of interest on any class of long-term Treasury security, although a slight rise to, say 3 percent, on E Bonds is not foreclosed.

It is understood that the Treasury this year is as strongly behind the top 2½ percent return on long-

term market securities as it was when Secretary Snyder on January 18, 1951, made his historic pronouncement favoring this top rate.

In fiscal 1953 the Treasury will face a deficit greater than any "peacetime" year in history. Its actual deficit for the first half of fiscal 1952 was \$7.4-billion, very near the obsolete estimate of \$7.5-billion for the year as a whole, made last fall by Secretary Snyder.

On the other hand, due to the aforementioned Mills plan and other causes, for the current quarter the Treasury will have a net budgetary surplus. Its cash intake, distinguished from the conventional budget, will exceed outgo by about \$6-billion. For the final quarter of the current fiscal year the Treasury

will take in about as much in cash as it pays out, it is expected.

## Change in Command At RFC

HARRY A. McDONALD takes over the direction of the Reconstruction Finance Corp. He officially rates as a Republican, and his friends describe him as a conservative.

Mr. McDonald built up a large creamery business in Detroit and shifted from that into the brokerage business. He was first made a member of the SEC in 1947; he became chairman in 1949, and on April 12, 1951, was designated SEC chairman for a new term of five years.

Mr. McDonald's brokerage business, it was reported, dealt with Federal, municipal, and corporate securities.

The new RFC administrator tried unsuccessfully to be a Republican in the House. He was for three years a member of the Michigan Unemployment Compensation Commission. He is understood to be a close friend of President Truman. The job of being an RFC administrator required, if the man were to be recruited from some other Federal agency, one who had presided over a bureau which had escaped any widespread public criticism. The SEC was such an agency and its chairman filled the bill.

Resignations of W. Stuart Symington as administrator and Peter I. Bukowski as deputy administrator, announced within a few days of each other, were actually unconnected, friends of these officials reported.

Mr. Symington became administrator last May, when the old bipartisan RFC board was abolished in an Executive reorganization. The reorganization followed the decision of the RFC subcommittee of the Senate Banking Committee to open hearings to investigate charges of mismanagement against the old board.

Mr. Symington was made administrator of the RFC shortly after he had been replaced by Charles E. Wilson as the foremost civilian mobilization official of the Government. In the interim, Mr. Symington "cleaned up" the RFC. He replaced a number of officials, instituted the policy of open public information about RFC business

(CONTINUED ON PAGE 151)

## A.B.A. Protests SEC Directorship Ruling

Proposed amendment of the regulations of the Securities and Exchange Commission to permit directors of commercial banks to serve as directors of registered holding companies and their subsidiaries, but prohibiting bank officers from holding such directorships, has been protested by the American Bankers Association in a letter filed with Harry A. McDonald, chairman of the Securities and Exchange Commission in Washington, under date of January 8.

The present regulations permit bank officers to serve as officers or directors of holding companies which are primarily operating public utility companies in their own local areas.

In his letter to Commission Chairman McDonald, D. J. Needham, A. B. A. general counsel, said: "The American Bankers Association has no comment to make regarding the broadening of the exemption from section 17(c) of the act to permit directors but not officers of commercial banks to serve as directors or officers of integrated registered holding companies.

"However, it is concerned over the effect that this amendment would have if adopted in removing the exemption presently provided under Rule U-70(a)(4)(C) with respect to officers of commercial

banks serving as officers or directors of holding company subsidiaries which are predominantly operating public utility companies or of a holding company which is itself predominantly an operating public utility company."

Mr. Needham stated that the A.B.A. is not unmindful of the further exemption which would permit officers of one or more banks having combined capital and surplus of \$2,500,000, or less, to serve as officers or directors of holding companies and subsidiaries. But if this exemption were to be the only one, it would result in discrimination, he said, in those communities where there are one or more banks, some with combined capital and surplus of \$2,500,000, or less, and others with combined capital and surplus in excess of \$2,500,000.

"An exemption based solely on size of capital accounts is wholly unrealistic, as any two banks having substantially the same amount of total deposits and total resources may have widely different amounts of combined capital and surplus."

Stating that the present exemption which permits officers of commercial banks to serve on the boards of holding company subsidiaries which are predominantly operating public utility companies was adopted a decade ago, Mr. Needham said that "The SEC concedes that there has been no known abuse of this exemption during the 10 years that it has been in effect."

# THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York

67 Branches in Greater New York

55 Branches Overseas



## Statement of Condition as of December 31, 1951

### ASSETS

Cash, Gold and Due from Banks.....	\$1,461,560,755
United States Government Obligations.....	1,585,733,526
Obligations of Other Federal Agencies.....	25,856,463
State and Municipal Securities.....	510,347,675
Other Securities.....	106,839,994
Loans and Discounts.....	2,088,757,343
Real Estate Loans and Securities.....	28,102,101
Customers' Liability for Acceptances.....	29,919,003
Stock in Federal Reserve Bank.....	9,000,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	29,162,719
Items in Transit with Branches.....	24,863,064
Other Assets.....	2,721,022
<b>Total.....</b>	<b>\$5,909,863,665</b>

### LIABILITIES

Deposits.....	\$5,442,946,549
Liability on Acceptances and Bills. \$44,567,139	
Less: Own Acceptances in Portfolio.....	12,992,281
Due to Foreign Central Banks.....	11,538,800
(In Foreign Currencies)	
Reserves for:	
Unearned Discount and Other Unearned Income.....	19,178,611
Interest, Taxes, Other Accrued Expenses, etc.	36,366,874
Dividend.....	3,312,000
Capital.....	\$144,000,000
(7,200,000 Shares—\$20 Par)	
Surplus.....	156,000,000
Undivided Profits.....	64,945,973
<b>Total.....</b>	<b>\$5,909,863,665</b>

Figures of Overseas Branches are as of December 23, 1951.

\$357,619,275 of United States Government Obligations and \$12,105,600 of other assets are deposited to secure \$271,854,693 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

Affiliate of The National City Bank of New York for separate administration of trust functions

### CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$31,009,629

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(CONTINUED FROM PAGE 148)

and, in cooperation with his deputy administrator, aligned RFC's policies with the Voluntary Credit Restraint Program. Thus, Mr. Symington retires from this post with his prestige considerably enhanced since he was released from the defense mobilization picture.

His deputy was Peter I. Bukowski, president of the Cosmopolitan National Bank of Chicago. Mr. Bukowski was frankly recruited as a "banker deputy," for Mr. Symington told the Senate in his confirmation hearings he would need a seasoned banker as his assistant. Mr. Bukowski took the appointment with the understanding that his stay would be temporary. He resigned effective December 31, 1951.

Under Messrs. Symington and Bukowski the RFC also:

(1) Required loan approvals temporarily to be made in Washington instead of in the regional offices (so lending practices would conform with VCR).

(2) Developed the plan for simplified handling of flood disaster loans so that most of the loans could be approved locally by banks.

(3) Formulated a general lending policy approved by the Loan Policy Board, consisting of the Secretaries of the Treasury and Commerce, and the administrator of the RFC.

(4) Enforced a stricter policy of applying the RFC rule that its credit should be withheld until proof was submitted by an applicant of the unavailability of private credit.

(5) Adopted the rule of liquidating long-held investments, including RFC investments in preferred stock or similar issues of banks and other financial institutions.

### Liquidation Will "Hurt" No Banks

THIS liquidation of RFC investment in preferred stock or similar issues of banks, will be operated in such a way as to hurt no banks, it was explained at RFC.

Under the notice sent out Nov. 1 by the agency to banks in which RFC still held such investment, RFC said that after Feb. 1 it would be in a position to sell such investments without further notice to the banks concerned. Previously RFC had committed itself to give a 60-

day notice of intention to sell any such investments.

"The RFC does not propose to do anything that might be detrimental to the banking system as a whole or injurious to the individual banks involved," Mr. Bukowski announced prior to his resignation.

### Banks Exempt from Fear Bill

IT WAS the intention of those sponsoring the Fear Bill to exempt banks from its application. This is the bill which would require any corporation with \$3,000,000 of assets or 300 stockholders to register with the SEC and furnish information about its operations, much as is required of corporations whose stock is listed on organized security exchanges.

Senator J. Allen Frear, Jr., (D., Del.) had intended to try to get


action this session on his bill before the subcommittee of which he is chairman.

One of the controversies in the bill will be over what classes of corporations shall be exempt from its operation. Those likely to be regulated were expected to complain against exemption of any classes of institutions, such as banks.

### Only 31 Banks Ask for OPS Relief

OPS OFFICIALS had previously talked about a hundred or so banks applying for relief from OPS ceilings on service charges. So BANKING asked OPS for precise figures as to the number of such applications and what disposition had been made of these.

It appears that 31 banks formally applied for OPS ceiling relief, and seven more wrote letters inquiring



**STATEMENT OF CONDITION AS AT CLOSE  
OF BUSINESS DECEMBER 31, 1951**


**RESOURCES**

Cash and Due from Banks	\$30,927,287.63	
U. S. Securities	33,322,541.82	
Other Bonds and Securities	5,929,399.72	\$ 70,179,229.17
Loans and Discounts*		46,966,304.69
Federal Reserve Bank Stock		150,000.00
Interest Accrued		367,797.66
Bank Premises and Equipment		1,478,939.43
Other Real Estate Owned		4,751.00
Future Bank Site		500,000.00
Other Resources		229,013.53
<b>TOTAL RESOURCES</b>		<b>\$119,876,035.48</b>

**LIABILITIES**

Deposits:		
Demand	\$87,149,277.76	
Time	24,037,331.46	\$111,186,609.22
Reserves — Taxes and Interest		669,145.52
Unearned Discount		410,780.05
Other Liabilities		47,508.09
Capital Stock	\$ 2,400,000.00	
Surplus	3,600,000.00	
Undivided Profits	1,561,992.60	7,561,992.60
<b>TOTAL LIABILITIES</b>		<b>\$119,876,035.48</b>

(\*Total includes \$12,414,546.00 of FISA fully insured Real Estate loans.)



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about such relief. OPS treats these as "cases," bringing the total to 38 as of the end of the year.

Of these 38 "cases," OPS said, eight asked for relief from ceilings on charges for safety deposit boxes, 27 for changes on checking accounts, and three for miscellaneous service charges.

By the year end, OPS had acted only upon 11 cases, denying seven, granting only two, and granting partial increases in ceilings on two others.

OPS ruled that banks, along with other service institutions, could apply for boosts in their ceiling prices in service charges based on the Capehart amendment. This supposedly provides for adjustment based upon increases or decreases in costs as of July 26, or by how much pre-Korean costs have risen to July 26, 1951.

## Bank Reports

(CONTINUED FROM PAGE 67)

### ECONOMIC BALANCE

N. Baxter Jackson, chairman, and Harold H. Helm, president, Chemical Bank and Trust Company, New York

IN our opinion, now is the time for the custodians of the savings of others to exercise care in meeting credit demands of an inflationary nature. Our American heritage places upon us the duty to exert every influence at our command to guard the dollar against further depreciation, for the effect of inflation on every citizen is as disastrous as would be the ravages of war. Accordingly, we have an obligation to insist that the fiscal and monetary affairs of the country be administered soundly. Government must recognize the point of economic balance and the limitations beyond which we cannot go. Otherwise, we shall defeat ourselves, destroying the very machinery of free enterprise as though it had been wrecked by war. . . .

Paradoxically, in the face of record loans and deposits, and progressively higher interest rates on loans and securities, bank earnings after taxes have remained low and bank shares generally continue to be quoted at a

discount from book values. The limitations of Federal income and excess profits taxes prevent many banks from earning enough on their stockholders' money to justify the sale of additional shares.

The supervisory authorities are conscious of the potential need for additional banking capital. It is encouraging to note that the Federal Reserve System has just recently sent out a questionnaire to member banks seeking the effects of Federal taxation on their operations. The facts established by this survey should enable Congress to correct obvious tax inequities.

The importance of this problem should not be underestimated for its solution will affect vitally the future of our independent banking system. If it is to continue, banks must be sufficiently profitable to their shareholders. This is difficult for many banks on the basis of rates allowable under present law.

### CAPTIVE ASSETS

J. Stewart Baker, chairman, Bank of the Manhattan Company New York.

EACH member bank of the Federal Reserve System is required by law to deposit with the Federal Reserve bank of its district a substantial part of its assets, from which it receives no income. . . .

On these captive assets of member banks the Federal Reserve banks have realized tremendous earnings in excess of the amounts necessary to pay their expenses, which fact has enabled them to turn over to the United States Treasury hundreds of millions of dollars. In the years 1947-1950, for example, the United States Treasury received \$631,000,000 from this source.

If for the purposes of credit control it is deemed in the public interest to deprive member banks of utilizing for profit such a substantial part of their assets, thereby enriching the Treasury by large sums, does it not seem fair for the banks to receive some credit on their tax liability?

*The three parties in Washington, D. C., are Democratic, Republican and cocktail.*



# THE INDIANA NATIONAL BANK

OF INDIANAPOLIS

Condensed Statement of Condition at Close of Business December 31, 1951

## Resources

Cash on Hand and on Deposit with Federal Reserve and Other Banks . . . . .	\$122,465,002.69	\$281,782,214.48
U. S. Govt. Securities . . . . .	159,317,211.79	
Other Bonds and Securities . . . . .		27,333,875.95
Stock in the Federal Reserve Bank . . . . .		645,000.00
Loans and Discounts . . . . .		84,237,938.76
Bank Buildings . . . . .		2,000,000.00
Accrued Interest Receivable . . . . .		893,666.54
Other Resources . . . . .		228,987.43
		<u>\$397,121,683.16</u>

## Liabilities

Capital . . . . .	\$ 6,500,000.00	\$26,611,186.32
Surplus . . . . .	15,000,000.00	
Undivided Profits . . . . .	5,111,186.32	
Accrued Interest, Taxes and Other Expenses . . . . .		1,165,293.08
Dividend Payable January 2, 1952 . . . . .		227,500.00
Deposits . . . . .		368,691,424.92
Unearned Discount . . . . .		355,979.39
Other Liabilities . . . . .		70,299.45
		<u>\$397,121,683.16</u>

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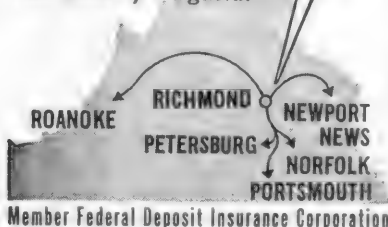
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## Government Bonds

(CONTINUED FROM PAGE 48)

the par baby—was good or bad depending on which side of the coin is looked at. Bank earnings for 1951 seemed to have been highly gratifying, and not all of the improvement stems from the greater volume of loans. There was a sharp rise in the income return from revolving secondary reserves and these make up pretty close to four-fifths of the average bank's Government portfolios. This goes a long way in offsetting the decline in value of the moderate amounts of the longer-term bonds which banks now hold, and which do not have to be sold unless it is deemed desirable to take losses for tax gains, a process which is one of the most striking of modern paradoxes.

Last month we said "Too many questions remain to be answered to justify any definite opinions" (still true) "but we strongly suspect that today's prices will look cheap in the early months of 1952." Well! Prices look cheaper—that's all.

### The Engine of Inflation in 1951

As goes Federal Reserve credit so go member bank reserves. Last year member bank reserves rose over \$3-billion because the Federal Reserve credit increased over \$3.8-billion of which nearly \$3.2-billion came from larger holdings of Government securities. The other factors which affect reserve balances, chiefly money in circulation (which rose about \$1.5-billion), the gold stock (which declined about \$250,000,000), and deposits of the Treasury and others at the Federal which were reduced, only lowered the credit supply some \$800,000,000; so for the year 12/27/50 to 12/26/51 the base against which member banks can extend credit again showed a substantial increase.

Now for the same period the gross loans of the member banks rose nearly \$3.5-billion, while their holdings of securities showed little change. They did not have to sell any securities in order to make the new loans. The reserve requirements needed against the new deposits were provided by the action of the "Fed" in buying enough more Government securities. That in brief and in sum is what happened.

But most of the "Fed" buying was before the par fetish was excommunicated last spring. Between the end of December and the middle of April about \$2,750,000,000 of Governments were added to the "Fed" portfolio, while "cushioning" the decline. Then the price dam broke and not until early fall in connection with "assuring the success of Treasury refunding operations" was it necessary to add again to the Open Market Committee's stock of Government issues. Since then changes in the amount held have been inconsiderable.

So the "engine of inflation," moving fast in the late winter and early spring, was slowed down to a walk for the rest of the year, and the activities of the Open Market Committee reverted to modest control of the money picture except when Treasury refinancing needed to have a little moral support.

Whether that "engine" will be retired to the roundhouse is still an open question. Let's not be too sure. The first half of this year, with the very large Treasury receipts from taxes at higher rates, and pushed ahead for corporations under the Mills plan, seems to promise some debt retirement and no new Treasury financing.

The second half is another story altogether. Will loans and other than Government investment media be down enough to permit the absorption of any large part of new government issues outside of the banking system? That is the \$64 question multiplied by 10. We shall have to wait and see, but the President's message on the State of the Nation, with its lack of emphasis on a balanced budget—understandable in an election year—carries implications of deficit financing rather than increased taxation. Which is why we think that the "engine" might do some more inflating before 1952 is over.

### A "New Look" for Savings Bond

For the first six months of the 1951/52 fiscal year, U. S. Savings Bonds cost the Treasury Department about \$640,000,000 because only \$1,840,000,000 were sold while \$2,480,000,000 were paid off. The amount outstanding on December 29, 1951, was reported as only \$45,000,000 less than on June 30, but some \$596,000,000 was added to the value of the bonds outstanding because of "ac-



crued discount" for the months, so the cash cost to the Treasury was as stated.

This was in spite of the Fall Campaign to stimulate sales primarily through payroll deductions, which actually were quite effective, the Treasury reporting that the number of men and women on payroll savings had grown from 5,000,000 to 6,200,000 during 1951. Furthermore, of about \$1,100,000,000 of Series E 1941 Savings Bonds which have matured since May 1, only about one in five had been presented for payment. The rest appear to have been retained by their holders for the further accrual permitted by the Treasury as announced in March. This is encouraging, but there are over \$43-billion of Series E bonds maturing in 1952, 1953, 1954 and 1955. This is a threat to the cash budgetary position of the Treasury right through the next four years.

Also in a year in which personal savings have shown an unexpected

increase there seemed to be no real desire to take on more of what the Government had for sale. As very well stated by Marion Folsom of the National Bureau for Economic Research, "you cannot sell a 1941 model car in 1952." A new model Savings Bond is needed.

THAT there will be such a model is fairly certain. What it will be is highly uncertain. All sorts of suggestions have been made including some tax exemption—not likely; a rate of return of 3 percent perhaps for a shorter period—not much of a bait; a rate of return of over 3 percent for a longer period—not possible without Congressional action, and highly unlikely during the current Session; a step up in the accrual rates in the earlier years—not much appeal in that. The Treasury Department is known to be searching for the answer. If you have it, take a plane to Washington. You will be welcome.

## An Odd Item

For the first time since the Open Market Committee was legislated into existence the net result of the purchase and sale of Government securities for the Federal Reserve banks resulted in a loss during 1951. The amount was only about \$2,000,000 but compares with a profit of over \$36,750,000 in the previous year. Most of the loss must have come from selling notes at a discount during the periods when the right hand of the Committee was holding up Treasury refinancing and the left was raising interest rates.

But so what? Net earnings for the System—largely because of the sharp rise in the short term interest rate—were nearly \$300,000,000—almost \$70,000,000 above those in 1950—so the kickback to the Treasury as "interest outstanding, Federal Reserve notes" was \$255,000,000, up about \$68,000,000 from the previous year.

# New Books

## Guide for Talkers

1001 WAYS TO IMPROVE YOUR CONVERSATION AND SPEECHES. By Herbert V. Prochnow. Harper, New York. 313 pp. \$3.95.

THE author of *The Public Speaker's Treasure Chest* says in the preface to this new book that its purpose is to "give practical help to those who wish to talk effectively and present their ideas clearly and forcefully in public speeches." He stresses the importance of perfecting conversation, pointing out that: "To talk better is to speak better in public, and to write better. These are assets of inestimable value."

Mr. Prochnow, vice-president of The First National Bank of Chicago, explains the principles of good conversation and good public speaking, and suggests means of becoming proficient in both. He has also assembled an excellent kit of tools: a hundred common errors in English, several hundred words that build vocabulary, figures of speech, 200 similes, 400 epigrams, 250 hackneyed expressions, 200 humorous stories,

1,600 quotations from literature and 600 from the Bible, and lists of great books that will improve conversation and speeches.

"The determination to become an effective conversationalist and speaker," says Mr. Prochnow, "almost inevitably leads to a serious

"I used to get pretty good marks until they started printing them on safety paper"



study of various ways of personal improvement. When one fully realizes the significant fact that his speech reflects his mind, he will seek constructive ways to develop his mind and the art of conversation through which he expresses his thoughts.

"A few minutes each day devoted to a systematic and thoughtful effort to improve one's conversation and speeches should be richly rewarding in one's profession or business, and in social relationships. Such study may be instructive, interesting, and even entertaining."

This book is indeed a friendly guide for everyone who talks—and who doesn't?

## "Tax Appeal" Investments

TAX SHELTERED INVESTMENTS. By WILLIAM J. CASEY and J. K. LASSER. Business Reports, Inc., New York. 138 pp. \$12.50.

THIS research study measures the effect of high taxes on savings and family security, and evaluates in-  
(CONTINUED ON NEXT PAGE)

# The STOCK MARKET

— Leffler

TODAY'S operations and functions of the market. Detailed guide clearly describes every aspect of securities transactions, from opening an account to advanced trading practices. Author George L. Leffler, *Pennsylvania State College*, who consulted with officials of the two leading N. Y. exchanges, incorporates latest information, all developments since establishment of the SEC. Covers functions; history; major exchanges; commissions; trading floor procedure; government regulation; security prices; etc. "Up-to-date . . . complete . . . a ready reference."—WALL ST. JOURNAL. 580 pp. \$6.

Pratt —

## BANK FRAUDS

—Their Detection and Prevention

PRACTICAL reference for bankers, auditors, and examiners—by Lester A. Pratt, CPA, nationally known expert. Shows, department by department, the types of frauds committed in banks; how to discover them, how to stop them. Based on author's analysis of over 1100 actual bank embezzlements, book points out 210 principal fraud methods. Valuable forms for immediate adoption. "A practical 'how book' on the subject."—AMERICAN BANKER. 248 pp. \$4.

## Bogen—FINANCIAL HANDBOOK



HERE is the complete, indexed working reference to every phase of financial operations. Provides practical information, collective experience and seasoned judgment of 68 contributing specialists, under the editorship of Jules I. Bogen, *New York University*; Editor, *The Journal of Commerce*, N. Y. 27 sections cover financial

reports; security analysis; corporate stocks; money, credit and banking; dividends; surplus; reorganizations; pension, profit-sharing plans; negotiable instruments—dozens of related subjects. Invaluable where operations call for careful planning under changing conditions. 3rd. Ed. 1289 pp. \$10.



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vestment alternatives that offer most appeal tax-wise.

The authors appraise the "tax appeal" of oil, cattle, citrus groves and timber, as well as the more usual investment media: tax-exempt bonds, stocks, mutual funds, life insurance, annuities and real estate. They sum up the main lines of approach to appropriate investment in these points:

(1) Emphasis on putting tax dollars to work to develop capital values (for instance, operations in oil and cattle).

(2) Emphasis on safety of principal and maximum spendable cash return (tax-exempt securities).

(3) Emphasis on aiming at capital gain while obtaining the maximum security of principal: (convertible bonds, stock warrants).

(4) Slow but sure build-up of capital value for old age security through such media as insurance, timber, cattle and citrus groves.

### Other Books

COORDINATING PUBLIC RELATIONS ACTIVITIES IN A STATEWIDE BANK. By Daphne Dailey. *Financial Public Relations Association*, Chicago. 51 pp. Miss Dailey of The Bank of Virginia, Richmond, wrote this study in partial fulfillment of the requirements of the FPRA's School of Financial Public Relations at Northwestern University. She covers the background of public relations in banking, organizing for these activities, coordinating them, and the measurements of results. Coordination, she emphasizes, "must be continuous; it is a difficult task and an absorbing one, but the effort can be richly rewarding."

COMPENSATING THE CORPORATE EXECUTIVE. By George Thomas Washington and V. Henry Rothchild, 2nd, Ronald Press, New York. 563 pp. \$12. Revised edition of business, tax and legal aspects of salary and profit-sharing contracts, stock bonus and stock purchase plans, stock options, deferred compensations, pensions, governmental and judicial controls over executive compensation.

MUNICIPAL ACCOUNTING AND AUDITING. *National Committee on Governmental Accounting*, Chicago. 250

pp. \$4. The principles and procedures of accounting, budgeting, auditing, and reporting for municipalities. Includes forms for financial statements and statistical tables. The publishing committee was formerly the National Committee on Municipal Accounting.

SYSTEMS ANALYSIS FOR EFFECTIVE ADMINISTRATION. By Norman N. Barish. Funk & Wagnalls, New York. 308 pp. \$5. Methods for analyzing office systems and procedures. The author is associate professor of engineering at New York University.

THE UNITED STATES IN INTERNATIONAL BANKING. By Siegfried Stern. Columbia University Press, New York. 430 pp. \$5.25. "The important, dramatic and inner story of the determining role that banks have played in the expansion of our foreign commerce" during and between the two world wars.

SECURITY REGULATION. By Louis Loss. Little, Brown, Boston. 1186 pp. \$17.50. This substantial volume, by the associate general counsel of the Securities and Exchange Commission and lecturers in law at Yale and George Washington universities, is offered as "the first complete text on all aspects of security regulation." It includes an exposition of the seven statutes under which the SEC operates, a summary of state laws regulating securities, the background of the Federal statutes, the law on civil liabilities resulting from security transfers, analysis of key problems. Mr. Loss designed his book "to be read and not merely used for research," and to be useful in specialized seminars as well as in supplement to casebooks in corporation law.

SECURITY ANALYSIS. By Benjamin Graham and David L. Dodd. McGraw-Hill, New York. 737 pp. \$8. Written with the collaboration of Charles Tatham, Jr., this is the third and completely revised and rewritten addition of a book first published in 1934. It presents fundamentals of investment practice and explains "a practical method of appraising the intrinsic value of common stocks and bonds."

THE LONG AUGUST NIGHT WAS HOT—but not as hot as the bitter fighting that raged about Agok, Korea, in the Naktong River area. Sergeant Kouma, serving as tank commander, was covering the withdrawal of infantry units from the front. Discovering that his tank was the only obstacle in the path of an enemy breakthrough, Sergeant Kouma waged a furious



nine-hour battle, running an eight-mile gantlet through enemy lines. He finally withdrew to friendly lines, but not until after his ammunition was exhausted and he had left 250 enemy dead behind him. Even then, although wounded twice, he attempted to resupply his tank and return to the fighting.

"A withdrawing action is not my idea of how Americans should fight," says Ernest Kouma. "If we must fight, let's be strong enough to take the offensive. In fact, if we're strong enough, we may not have to fight at all. Because, nowadays, *peace is for the strong.*"

"So let's build our strength—to keep a strong America at peace. You can help by buying Defense Bonds—as many as you can afford. It's far less painful to build for peace than to destroy in war. And *peace is what you're building when you buy Bonds.*"

## M/Sgt. Ernest R. Kouma



## Medal of Honor

Remember that when you're buying bonds for national defense, you're also building a personal reserve of cash savings. Remember, too, that if you don't save regularly, you generally don't save at all. So sign up today in the Payroll Savings Plan where you work, or the Bond-A-Month Plan where you bank. For your country's security, and your own, buy United States Defense Bonds now!

**Peace is for the strong...  
Buy U. S. Defense Bonds now!**

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## MAIN STREET

(CONTINUED FROM PAGE 30)

Two Chicago bankers by the name of BROWN have been featured recently in the *Chicago Tribune* series of articles on "How Men at the Top Won Their Place." They are EDWARD EAGLE BROWN, chairman of the First National Bank of Chicago, and MARK A. BROWN, president of the Harris Trust and Savings Bank. The feature is written by Thomas Furlong, the *Tribune's* financial news editor, and appears each Saturday.

EARL B. SCHWULST was elected board chairman and reelected president of The Bowery Savings Bank, New York City. HENRY BRUÈRE, chairman since 1949, resigned that position and has been made honorary chairman. Mr. SCHWULST is president of the Savings Banks Association of the State of New York; chairman of the Mortgage Text Committee of the Savings and Mortgage Division of the A.B.A., and a member of the A.B.A. Committee on Service for War Veterans.

PRESTON V. KORS is a new vice-president of Louisiana National Bank, Baton Rouge. Dr. CHARLES MCVEA, son of Dr. CHARLES MCVEA who was one of the founders of the bank, was elected a director.

New vice-presidents of Riggs National Bank, Washington, D. C., are: DONALD A. MCCORMACK, E. WILEY STEARNS, JR., LYNN O. DE LASSMOTT, JOHN M. CHRISTIE, and HARRY P. BERGMANN. Comptroller RAYMOND G. MARK was made vice-president and comptroller.

At Boatman's National Bank, St. Louis, FRANK E. AGNEW, JR., was elected executive vice-president. CARROLL E. GUNNIN and KENNETH A. BELL are vice-presidents.

### Writes on Trade Area

THE Pacific Coast weekly magazine *The Argonaut* published recently an article by CHARLES P. PARTRIDGE, president of the Central Valley Bank of California, Richmond, entitled *New Frontiers at San Francisco's Door; Opportunity Knocks! Are You Listening?*

Mr. PARTRIDGE covers the development of the Central Valley area—and finds it good. In the past 10 years, he points out, population



"I didn't ask for your opinion. Just do it over"

gained 51 percent; bank debits gained 327 percent to approximately \$10.5-billion; retail sales went up 245 percent from \$465-million to \$1.5-billion.

He concludes: "In the idiom of Hollywood, northern California's super-colossal inland show is getting bigger and better, day by day. . . . The present is immense; the future probably beyond our greatest expectations.

MARVIN C. ULMER, president of the First National Bank of Midland, Texas, died on January 5. He was a past president of the Texas Bankers Association and a former member of the Executive Council of the American Bankers Association. He was mayor of Midland for nine years ending in 1934. He started in banking as a bookkeeper with the First National and became president in 1943.

Brothers RALPH and LUCIUS RUDER were elected directors of The First National Bank & Trust Co., Hamilton, Ohio. A brother, the late ERNST RUDER, had been board chairman, and their father, the late E. G. RUDER, had been president for many years.

ALBERT N. WILLIAMS, SR., has been elected president and chief executive officer of the United States National Bank of Denver. THOMAS M. DINES, president since 1948, becomes vice-chairman of the board, replacing HENRY SWAN, who asked

to be relieved of that position because of ill health. Mr. SWAN has been made a vice-president.

The Magazine of Sigma Chi proudly presents in its most recent issue a feature on one of the fraternity's life members, C. FRANCIS COCKE, president of the A.B.A. and president of the First National Exchange Bank of Roanoke, Virginia. Mr. COCKE, the magazine points out, is the third fraternity brother to reach the A.B.A. presidency; the others: FRANCIS MARION LAW (1933), and ORVAL W. ADAMS (1937). The article is illustrated and includes a full-page photo portrait of Mr. COCKE. Quotes are included from "Meet the New President," BANKING, October 1951.

### Banker in Germany

MAJOR ALBERT L. BIEBER, on military leave from the Bank of Northern Brookhaven, Port Jefferson, Long Island, has been assigned to the Office of the Comptroller of the Twelfth Air Force in Wiesbaden. Major BIEBER, who was recalled to active duty last July, will serve as assistant chief of the Evaluation and Procedures Branch of the Comptroller's Budget Division. His wife and two children will join him as soon as housing becomes available.

Before joining the Bank of Northern Brookhaven in 1937, Major BIEBER was connected with the Guarantee Trust Company, the now-defunct Central Mercantile Bank and Trust Company, the Mechanics and Metals National Bank, all in New York City, and the New York office of the Reconstruction Finance Corporation.

THOMAS J. DAVIS, 85, who retired in 1944 as president of First National Bank, Cincinnati, died on January 8. He was a former chairman of the Executive Council of the American Bankers Association.

FORREST M. SMITH has been elected president of the National Bank of Commerce, San Antonio. He had been with the State National Bank of El Paso for 32 years and was vice-president when he resigned to take the San Antonio post.

HAL E. ROOF has been advanced to vice-president of Central Bank & Trust Co., Denver.



# That Controversial \$2 Bill

ONE of our prettiest greenbacks is the \$2 bill, with Jefferson on the front and his Monticello home on the back. When Hamilton's portrait graced the \$2 bill, folks called it unlucky, since Hamilton died a violent death. But even though Hamilton was replaced by Jefferson in 1928, the denomination is still the least popular of all our paper money. Maybe we should use it for the Marshall Plan. Surely our European friends wouldn't be so particular.

Up in Boston at any rate the "two" always gets a warm welcome. Something about it seems to appeal to the economical New Englanders. Quite some years ago when the Treasury was reported considering withdrawal of the \$2 bill, some plenty-strong protests were fired at Washington from the home of the bean and the cod.

People often tear off corners of \$2 bills, which is an unfriendly way to treat friendly money. Do they want to make sure they don't spend it for a "one"? Or is it superstition? Why a two-buck note should be unlucky no one knows. Some negroes call it a "blue goose"; or "thousand legs," perhaps because it takes so many plays to win one in a dime crap game. Suffice it to note that the \$2 greenback is in the class of the black cat, the cross-eyed woman and walking under ladders.

That is, excepting in Boston and a few other places. There, as a Massachusettsian once wrote the Treasury: "The \$2 bill is a great convenience to me daily. I feel twice as lucky when I get a \$2 bill as when I get a one."

So what are we going to do, then?

If everyone would use a \$2 bill where he now uses two ones, Uncle Sam at least would benefit. He'd save printing and shipping costs. If Canadians find a \$2 bill convenient, why not here, too, it is asked. But all attempts to popularize the bill and expand its use have failed. The Treasury Department once tried putting "twos" in the pay envelopes of Government employees not paid by check. But the "twos" came back in about a fortnight, often with corners missing. Nowadays the Treasury makes no effort to force "twos"

into circulation. They are supplied only upon request.

Every now and then someone writes to the Treasury to ask why the two is issued at all; or why it is not issued in greater quantity, for economy's sake. Some have proposed that the bill be printed in a distinguishing color, so that people won't spend it for a one. A Seattle man suggests that the Government print it without corners, to save people the trouble of tearing them off. The Treasury has little confidence in such schemes.

One man suggested taking the jinx off the bill by printing on it "the three musketeers in a horse-shoe instead of Jefferson's picture; and a rabbit's foot instead of Monticello." But it is doubtful whether that will help objectors who find no compartment for it in their cash register or who for other reasons think it a nuisance.

Back in 1925 a committee appointed by the Secretary of the Treasury recommended elimination of the \$2 bill, as it interfered with efficient functioning of the currency system and served no useful purpose. But others argued that replacement of the "twos" with "fives" might lead to still greater demand for "ones" and thus effect no saving in the engraving and printing bill. The "two," they added, is indeed useful: it saves space in wallets.

Quite a few persons have suggested to the Treasury that the \$2 bill be replaced by a \$2.50 denomination. Also received have been suggestions for \$3, \$7 and \$8 bills; not

to mention the revival of fractional notes like the post-Civil War shin-plasters. The \$2 bill dates from 1862, when the second legal-tender (greenback) act was passed. Today only greenbacks are put out in \$2 size. There is nothing compulsory about it. The Treasury could drop the denomination, were there no sectional demand for it.

In California last year a newspaper used 2s in paying its employees," to see how our payroll flows." It flowed right back to the banks.

While a small amount of outstanding \$2 bills are silver certificates, Treasury notes of 1890, Federal Reserve notes, and national bank notes, of the overall total of \$75,700,000 in this denomination, \$72,147,000 are greenbacks.

In fiscal 1950 Federal Reserve banks and branches requested some \$27,000,000 of new notes in the form of \$2 bills, the Boston bank accounting for more than half of the total, or \$14,900,00. Richmond followed, with \$2,600,000, and Philadelphia with \$2,200,000, which was more than double the amount taken by New York. Chicago, Pittsburgh, Baltimore, Cincinnati and Birmingham took lesser amounts. But six Federal Reserve branch cities wanted no "twos" at all: Nashville, Little Rock, Helena, Omaha, San Antonio, and Salt Lake City.

Twenty-five years earlier Boston took considerably less than half of the \$68,000,000 in new "twos" requested of Washington. Most of the rest went to New York, Philadelphia, Chicago, Detroit, Pittsburgh, and Richmond. But that was during the year of the official drive to popularize the \$2 bill.

HERBERT BRATTER

A LETTER from G. C. Swindle, paymaster of the Tennessee Coal, Iron and Railroad Company, Fairfield, Alabama, throws some light on the \$2 bill question:

We use \$2 bills in the envelopes of our cash-paid employees simply because it cuts down on the number of bills handled. Otherwise we would handle two \$1 bills. We use them only where the change list calls for a denomination less than a \$5 bill.

As to their popularity I could not say, but I have noticed that the \$2 bill is in circulation only a short while until first one corner then another is torn from the bill. I understand there is a superstition among crap (dice) shooters that the \$2 bill is bad luck in a game—therefore they remove a corner.

I do wish that something could be done to remove this superstition, as the \$2 bill serves a very useful purpose and the cost to the Government of replacing them must be terrific. Apparently this attitude toward the other denominations does not exist.

# It Pays to Study Your Methods

JOHN N. RALEIGH

MR. RALEIGH is manager of the methods department of The United States National Bank, Portland, Oregon.

ONE of the best investments any bank can make, from the standpoint of a high rate of return over a long period, and with practically no risk involved, is the time it takes to make a thorough analysis of all operations.

To find a different method of operating is not always easy. People have a natural resistance to change; while we all might favor modernizing the other fellow's method, each of us tends to resent altering his own routine. An open mind is therefore prerequisite to methods study.

## Time—Important Ingredient

Possibly the most important ingredient is time. Almost anyone can do methods work if he is given enough time, but the average department head, burdened with the responsibility of balancing his department daily, juggling his staff to cover absentees, and training green help, is not the person for the job. Many banks have decided that methods improvement is a full-time project. The number of people assigned to it will vary from perhaps one to 20 or more, depending upon the size of the bank and the emphasis placed on methods study.

In our bank we have a small permanent staff of four which we augment by borrowing from other departments when we undertake a job requiring a larger staff. When this happens we try to plan the work well in advance and arrange it so that relatively inexperienced people can be used. Perhaps by reviewing some of the steps we took in one department we can give an idea of the results obtainable from methods work and of how our department approached the problems facing us.

In July 1948 we had 93 persons in our interior, transit and clearings departments. At that time these were separate departments. Today we have just one—the proof department—with 38 people handling slightly more volume than the 93 did in 1948. This reduction in staff of 55 people means an annual saving to the bank of approximately \$137,500 in salaries. Always bear in mind that savings made through methods changes will repeat themselves year after year.

### Factors in Staff Reduction

Many factors entered into this large reduction in staff. Some were major steps, such as the materially increased use of Federal Reserve facilities for check collection and the combination of three departments into one with the resultant reduction of supervisory personnel. This article, however, will bring out some of the smaller steps that are not so obvious—steps that resulted in substantial savings.

One thing that bothered us most in trying to streamline the depart-

ment was the annoying pattern of volume peaks and valleys. In the past we had always found it necessary to staff to meet the fairly heavy days. This meant that on these days we had overtime while on average or light days there was slack time. We soon found that although we could not control the volume, we could control the staff

It was the theory of Frank Beach, vice-president in charge of operations, that if the staff were varied with the volume we could get maximum efficiency out of the department. This was accomplished by setting up a flexible night crew of some 20 people who would work from four to eight hours on two to four nights a week, depending upon the volume.

To make this theory operate it was necessary to figure a way to forecast accurately the volume of work for a month in advance so that proper operating schedules could be set up for the night crew.

## Operators Put on Schedule

It took several months of experimenting before we arrived at what we felt was a satisfactory method of predicting volume. With that problem out of the way we found we could staff the day crew to the lightest days of the month instead of staffing for a fairly heavy day. Thus for the first time our machine operators could be put on a regular schedule; and it meant a lot to the girls to know that at a certain time every night they could go home. Under the old system they were never quite sure when they could leave, since all operators worked until everything was finished. We feel that this fixed quitting time was the biggest single factor behind our sharply reduced turnover.

The number of items produced by each girl was another point that got close scrutiny. As a start, we worked out daily averages for each operator, going as far back as pos-

**"It's easy to get the afternoon off . . . make him think at first that you've come in to ask for a raise."**



sible to make our figures accurate. In compiling the figures we were struck by the wide variation between the highs and lows that went to make up the averages. Some elementary mathematics led us to the theory that if an operator never produced less than her former average, her subsequent average could go only one way—up. To implement this theory we made cards, one for each operator, showing what her production should be at the end of each hour. We then had a man read the meters on the machines every hour on the hour. If the meter reading was greater than the figure on the card, everything was fine, but if the meter showed fewer items than the card the operator was asked to explain why production had dropped.

### Salary Ranges to Match

Offhand, this probably sounds as if we were rather brutal, but it should be explained that while we were trying to increase production we were also setting up salary ranges to match the production ranges we hoped to achieve. The operators knew that their salaries would go up as their production increased, so they were more than happy to help us eliminate bottlenecks. Some excellent suggestions were received from the operators and in return we made it a point to adjust salaries immediately as production rose.

While working on production, we found out quite soon that it was not too satisfactory to rate our operators on the basis of how many items per hour, or per day, they could handle. We frequently found that a very fast operator would not produce as many items in a month as a slower operator, yet she appeared to be better because of more spectacular daily production figures.

As a result, we started to rate operators on a basis of monthly production. Each month we post a list on the bulletin board showing the order in which the operators finished the previous month, followed by the total number of items processed by each girl during the previous month. We also show the daily average based on the number of days the operator was present followed by the daily average based on the number of working days in the month. This proved quite helpful, especially when we found some girls producing as much as 9,000

items per day while present, but possibly an average of only 6,000 per day based on the number of working days available.

To focus the operators' attention on the importance of high monthly production, we created the "200,000 Club." Any operator who produces this number of items or more in a calendar month becomes a member. A local jeweler made some attractive gold crown pins, appropriately engraved. This pin, and a brand new \$10 bill are presented to the new member at a small ceremony in the department. The club idea is fairly new, but so far the reaction of the girls has been very good.

### Single Item Deposit

Our studies, as might be expected, ran into the problem of the single item deposit. Dozens of different systems are used in as many banks, all aimed at speeding the processing of single item deposits. Many banks sort them into a separate classification before processing, and some make as many as three sorts: single items in one pile, two to 10 items in another, and over 10 items in a third. We tried several ways of handling them, including sorting for special handling, but our stop-watches always showed that we were spending more time to sort than we saved after we had them sorted.

A minor motion study gave us an improved way to handle these items. Our charts showed that all

"You're presently with the bank? I thought you said you were president of the bank!"



our operators were using the right hand to push the group total key; then the right hand came back, grasped the deposit, and moved to the right with the deposit. The chart showed that the right hand was making four movements while the left was making only two. This meant a lack of balance between the hands plus an undue amount of waiting time for the left hand, so we simply had the operators pick up the deposit slip with the left hand as the right hand started to move toward the group total key. As the right hand hit the key the left dropped the deposit and both hands came back into working position at the same time—and about 20 percent sooner than they had under the old system.

These are but a few of the system changes made on this job, which took almost two years to complete. The principles are the same for any department in the bank. Using these principles we have been able to effect many other savings, such as 31 percent reduction in the messenger staff, 19 percent in the comptometer department, etc.

### Better Working Conditions

Along with methods changes, we try to give the employees better working conditions. In the case of the proof department, several little things were done to please the girls. We placed the machines at an angle instead of in straight lines. The equipment won't work any better on an angle, but the girls feel less regimented. The working quarters were painted in modern, contrasting colors; draperies were hung on the windows and potted plants brought into the department. These things might seem unimportant, but we are working with women now and women appreciate a few frills in their working quarters.

In spite of the much greater efficiency we have attained, our turnover has almost disappeared. The question has sometimes arisen as to whether we are trying to operate too tightly, or if we expect too much in the way of production. We think the answer lies in the turnover figures. In the first 10 months of 1951 we lost four people out of a department of 38. Two of them have returned, so we know a net loss of two for that period. We regard this as an extra dividend on our investment in methods study.



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# MICHIGAN NATIONAL BANK

BATTLE CREEK

FLINT

GRAND RAPIDS

LANSING

MARSHALL

PORT HURON

SAGINAW

## STATEMENT OF CONDITION

December 31, 1951

### RESOURCES

Cash and Due from Banks.....	\$ 40,223,642.05	
U. S. Government Securities.....	92,029,036.54	
Loans—Guaranteed by Federal Agencies.....	31,122,698.33	\$163,375,376.92
Loans—Other.....		102,809,255.62
Bank and Office Buildings.....		3,704,201.79
Federal Reserve Bank Stock.....		270,000.00
Accrued Income.....		560,959.19
Other Assets.....		557,071.09
Total Resources.....		<u>\$271,276,864.61</u>

### LIABILITIES

Commercial Deposits.....	\$146,369,619.94	
Savings Deposits.....	102,954,018.78	\$249,323,638.72
Other Liabilities.....		3,125,530.08
Deferred Income.....		5,440,437.99
Preferred Stock.....	1,000,000.00	
Common Stock.....	4,000,000.00	
Surplus.....	4,000,000.00	
Profits and Reserves.....	4,387,257.82	13,387,257.82
Total Liabilities.....		<u>\$271,276,864.61</u>

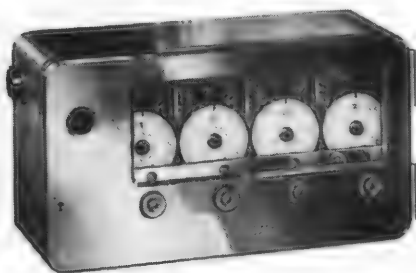
"OPEN EACH WEEK DAY INCLUDING SATURDAY UNTIL 4:30 P. M."

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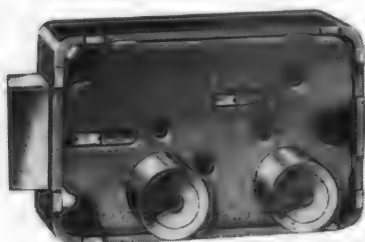
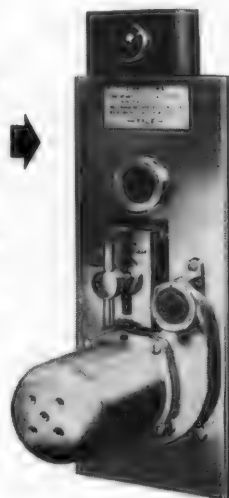
YALE's 83-year record of security speaks for itself but don't forget the added plusses: top-flight service...specific problems solved. You can have full information on the complete line by simply writing The Yale & Towne Manufacturing Company, Dept. S-402, Stamford, Conn. (In Canada, St. Catharines, Ont.)



**Yale 120-hour Time Lock Movements** give you freedom from nightly and weekend worry and annoyance, extra security even under the most extreme conditions.

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This series consists of good security lever tumbler locks for doors—sizes from 1½ to 10 inches. Flat or corrugated keys for guard; corrugated keys for renter. Many other types of safe deposit locks available.

# YALE & TOWNE

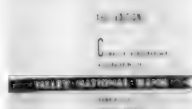
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# Business Aids

Home Planners' Libraries • New Products • Operations • Industrial

**E**ACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.

arizona  
statistical  
review



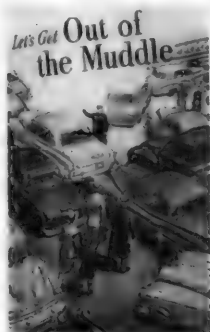
tional Bank, Phoenix, Arizona.

**ARIZONA STATISTICAL REVIEW—1951 EDITION.** A convenient 36-page reference book covering important phases of the state's economy with charts and tables. Contains answers to many questions most frequently asked about the state, covering data on agriculture, bank activity, trade, income, population, sales, etc. Write to Valley Na-



railroads of New York. An excellent handbook for bankers whose customers may have plant or business location problems. Write to the New York State Department of Commerce, 112 State Street, Albany 7, New York.

**THIS IS NEW YORK STATE.** A comprehensive 64-page booklet containing many illustrations and answering questions most frequently asked about business opportunities in N. Y. State. Reviews the State's history, industry, population, geography and resources, government, transportation, trade, cities, agriculture, education and recreation. A series of maps shows the principal highways, airways, waterways and



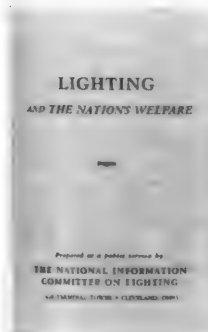
**LET'S GET OUT OF THE MUDDLE.** A readable, illustrated booklet which reviews the deteriorating condition of American highways and makes recommendations for solution of the problem. Booklet covers reasons for the crowded conditions of our highways—wartime neglect, inflation, increased traffic, city bottlenecks, etc.

A movie of the same title is available through any General Motors dealer for use by civic groups. Write to General Motors Corporation, Department of Public Relations, Detroit, Michigan.



**ECONOMIC ASPECTS OF NORTH ATLANTIC SECURITY.** A 43-page study of the policy and problems involved in the rearmament of Western Europe. Contains sections devoted to the reasons for rearming Western Europe, the contributions that continental Europe can make to the program, the resources available in Europe, how the defense burden

must be shared, the purpose, content and administration of United States aid, and policies for sustaining European economic health. Write to Committee for Economic Development, 444 Madison Avenue, New York 22, New York.



**LIGHTING AND THE NATION'S WELFARE.** A 24-page report summarizing the services of illumination in five classifications—production lighting, public safety lighting, office lighting, protective lighting, and education lighting. Contains statistics on the effects of lighting, together with charts and graphs illustrating important points brought out by this study. Write to National Information Committee on Lighting, 1410 Term-

inal Tower, Cleveland, Ohio.



**FIRST AID.** A comprehensive 33-page handbook covering steps to be taken in the event of accident or sudden illness. Discusses treatment for shock, wounds, poisoning, burns, asphyxiation, fractures along with common ailments. Concludes with a list of supplies that should be included in any first aid cabinet. Write to the Metropolitan Life Insurance Company, 1 Madison Avenue, New York 10, New York.

## Combined Statement of Condition

# FLORIDA NATIONAL GROUP OF BANKS

December 31, 1951

### RESOURCES

Loans and Discounts .....	\$ 96,140,186.99
Banking House, Furniture & Fixtures Including Office Buildings.....	5,240,927.29
Other Real Estate Owned.....	97,722.51
Prepaid Expenses .....	66,887.03
Other Resources .....	15,448.97
Customers Liability A/C Letters of Credit.....	619,483.81
Accrued Interest and Income Receivable.....	\$ 1,149,473.21
U. S. Government Securities.....	184,091,422.04
Florida County and Municipal Bonds.....	20,924,415.44
Federal Reserve Bank Stock.....	686,700.00
Other Securities .....	878,860.76
Cash on Hand and Due From Banks.....	135,252,893.90
	342,983,765.35
	<b>\$445,164,421.95</b>

### LIABILITIES

Capital Stock .....	\$ 7,500,000.00
Surplus .....	19,435,000.00
Undivided Profits .....	1,182,717.39
Reserve for Contingencies.....	\$ 28,117,717.39
Reserve for Taxes, Interest, Etc.....	4,061,174.76
Interest & Income Collected, Not Earned.....	1,937,820.82
Bills Payable .....	1,120,470.06
Letters of Credit.....	300,000.00
Deposits .....	622,483.81
	409,004,755.11
	<b>\$445,164,421.95</b>

## FLORIDA NATIONAL GROUP of BANKS

FLORIDA NATIONAL BANK  
of Jacksonville

FLORIDA NATIONAL BANK & TRUST COMPANY  
at Miami

FLORIDA BANK & TRUST COMPANY  
at Daytona Beach

FLORIDA BANK  
at Chipley

FLORIDA BANK  
at Bushnell

FLORIDA BANK  
at Orlando

FLORIDA NATIONAL BANK  
at Pensacola

FLORIDA NATIONAL BANK  
at Ocala

FLORIDA NATIONAL BANK  
at Belle Glade

FLORIDA BANK  
at Port St. Joe

FLORIDA NATIONAL BANK  
at Fernandina



FLORIDA NATIONAL BANK  
at Key West

FLORIDA NATIONAL BANK  
at Bartow

FLORIDA NATIONAL BANK  
at Coral Gables

FLORIDA BANK  
at Fort Pierce

FLORIDA BANK  
at Perry

FLORIDA NATIONAL BANK  
at St. Petersburg

FLORIDA BANK  
at Madison

FLORIDA BANK  
at DeLand

FLORIDA BANK & TRUST COMPANY  
at West Palm Beach

FLORIDA BANK  
at Gainesville

FLORIDA NATIONAL BANK  
at Lakeland

FLORIDA BANK  
at Starke



# The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

asking for a renewal of part or all of their loans, and payments in general are slowing up.

**WORCESTER, MASSACHUSETTS.** This area, being so close to Boston and New York, follows the lead of those two cities in the matter of rates and has long since discarded the old philosophy of charging  $\frac{1}{4}$  to  $\frac{1}{2}$  % more than the two metropolitan areas.

One point with respect to rates currently, which has been discussed among bankers in this area, is "Should banks pierce the 'supersonic barrier' of 6%?" In other words, if a prime borrower has had his rate increased by 100% in five years, how about the other borrower who was paying 5% five years ago? Is it fair to have only increased him by 20%? On receivable loans some other banks in the neighborhood are charging 6% interest plus 1% to 2% extra as a "service fee." But with the general run of straight collateral and unsecured loans 5% still seems to be the top rate.

It is felt that the future of interest rates depends solely on the Federal Government, and how rapidly defense spending is allowed to flow into the national income stream. If the Korean situation is eventually settled it might be that our Government will slow down defense orders and this, in turn, might very well cause a decline in business loans and general business activity which would result in lower rates. Because of the sharp rise in rates in just the last few months banks feel that during the next six months the chances are better that rates may remain at these levels or decline somewhat rather than go up.

With respect to the repayment behavior of various types of loans, to date there has been no increase in slow payments.

**FALL RIVER, MASSACHUSETTS.** As New York increased the prime rate, the banks here increased local rates. The present range runs from 6% for small loans to 4% and  $4\frac{1}{2}$  % on larger loans.

Rates on personal loans or mortgages have not changed. Banks find no resistance to a 5% rate on conventional mortgages or 6% discount on consumer loans.

Fall River being a textile city, cotton loans are now at a minimum, but other types of loans are at the highest point in many years. Considerable expansion of loans is expected when the demand for cotton textiles increases.

Repayments on the various types of loans have been satisfactory and very few have asked for terms other than the original agreement.

An increase is expected in loans for the first half of this year with increasing rates to customers. Although many customers have suffered losses through inventory, it has not been of such a character as to jeopardize their lines of credit.

**BOSTON, MASSACHUSETTS.** In New England the pattern of rates is quite uniform and is based on a present prime rate of 3%, which is generally the minimum rate except for some unusual secured transactions. As the prime rate has increased during the last year and one-half rates generally have been reviewed and increased all along the line, with the possible exception of rates on mortgages and on consumer credit loans. Mortgage and consumer loans are also being marked up. Interest paid on savings has been increasing, and generally with the commercial banks in this area it is now  $\frac{1}{2}$  %. A large number of the

savings banks are now paying interest at the annual rate of  $2\frac{1}{2}$  %. Forces which have brought about these increases in rates are still operative and will probably result in further increases during 1952.

Experience with loan repayments has been excellent. Loan volume should go up from its present levels and during 1952 may approach its previous high. All this, of course, is predicated on the continuance of our defense effort.

**HARTFORD, CONNECTICUT.** Rates on commercial loans are upward and probably will continue that way for at least the first half of this year. Rates on mortgage loans are unchanged for the time being. Interest on time deposits has not changed and probably will not, although some of the mutual savings banks are raising rates slightly.

Loan repayments are following an average behavior pattern, although signs of slowness in commercial commitments are appearing. Corporations are, of course, facing heavier tax payments, and with higher working capital requirements will have to have credit support where they might not otherwise need any.

**NEW ROCHELLE, NEW YORK.** There has been a definite firming of rates which became noticeable in February 1951 and has continued to date.

During the past six months, commercial loan rates have advanced approximately 1%, mortgage loans from 4% to  $4\frac{1}{2}$  % on low percentage loans, and  $4\frac{1}{2}$  % to 5% or higher on full loans. Personal loan rates are, on the whole, unchanged. There has been no change in the interest on time deposits during the past six months.

The trend toward higher money rates is expected to continue over the next six months.

Loans are not being liquidated in this vicinity as rapidly as usual, but there have been no wholesale requests for extensions.

**SYRACUSE, NEW YORK.** Local commercial banks have been influenced by the actions of the larger banks in New York City and other financial centers, and as the prime rates have been increased our rates have followed this same pattern. Rates established by the banks in the large centers set the rates for national accounts which borrow in local banks and, correspondingly, rates on commercial loans and mortgages. Quoted rates on prime local names are now  $3\frac{3}{4}$  % to  $3\frac{1}{2}$  %, and rates on local mortgages of conventional type are fairly firm at  $4\frac{1}{2}$  %. Interest rates on personal loans are not particularly affected because except for loans that are adequately secured by collateral, the going rate on personal borrowings has been around 6% all the time.

During the latter part of 1951, three out of our four commercial banks increased the interest allowed on special interest deposits from 1% to 2%. In one instance this higher rate applies only to the first \$10,000 in each account and in the other two instances the higher rate applies to the first \$20,000. Banks do not look for any material change in the present rate pattern during the next six months, except as they are able to make the present going rates effective on renewals or new borrowings during that period.

Generally speaking, loans to business are being paid as agreed.

The demand for business loans is expected to continue lively during the first half of the current year.

**BINGHAMTON, NEW YORK.** Our interest rates are stiffening, but not as much as in areas where banks charged too little for their money some time ago. The average rate on total loans and mortgages is around 5.29%. The

rates charged on commercial loans have increased about  $\frac{1}{2}$  of 1%; mortgage loans about  $\frac{1}{2}$  of 1%; and personal loans bring the legal limit. Banks have held the rate on time money, the commercial banks still paying 1% on so-called time deposits, savings banks 2% on savings accounts.

Loan rates will not increase much during the coming months as the banks feel they are being properly compensated now. They believe that paying 2% or  $2\frac{1}{2}$ % by commercial banks on so-called time deposits, which are really demand deposits, is just as hazardous as paying 4% or  $4\frac{1}{2}$ % on similar accounts was in the 20's. Mutual savings banks have different policies and responsibilities from commercial banks and probably should pay more in interest dividends to the depositor.

Borrowers are meeting their commitments pretty well as agreed. Loan prospects for the first half of 1952 will be comparable to the last six months of 1951.

**MONTCLAIR, NEW JERSEY.** Rates are patterned more or less after New York rates, for example  $3\frac{1}{2}$ % on commercial loans, whereas the New York rate is 3%.

Banks are taking a small amount of VA mortgage loans where the borrowers or their families have done business with the bank which warrants the loan. They do not believe in loading up on 20-year VA loans. They have always maintained a selected portfolio of regular mortgage loans and the present rate is  $4\frac{1}{2}$ %.

They charge 6% interest on personal loans up to \$300 and 5% on loans over \$300.

One bank is paying 1% on savings deposits. There is a good deal of criticism from people who want a 2% or  $2\frac{1}{2}$ % rate. However, the bank feels that most of the large accounts, the owners of which are critical of the 1% rate, are not true savings accounts but are really investment accounts, and these people do not want to invest in Government bonds or other securities. When these large accounts are closed out the bank often finds that the money goes to the savings and loan associations, which are paying  $2\frac{1}{2}$ %.

**PHILADELPHIA, PENNSYLVANIA.** Interest rates are definitely going up in this area and promptly followed the New York increase in the prime rate to 3%. The larger banks will also increase rates on their small commercial loans, and on their collateral loans. The increase across the board would probably average about  $\frac{3}{4}$ %.

Some local banks have been paying as much as  $1\frac{1}{4}$ % to  $1\frac{1}{2}$ % on substantial amounts of time deposits. Others have made no increase in these rates because they do not seek this type of business.

The consensus is that while loans may possibly run off seasonally for the next few weeks, the trend will be upward and may be definitely accelerated at the time of the March tax payments. The average small and moderate size business seems to have made no real provision for the heavy March and June outlays.

The percentage of maturing loans renewed in whole or in part is higher than usual and a great many well managed concerns, which have historically always gone out of debt to their banks at least once or twice a year, have failed to get off our books during 1951. The reasons for this situation are understandable but it is something to be watched. Some bankers are concerned about the constant deterioration of the working capital position of business in general.

**SCRANTON, PENNSYLVANIA.** The trend on interest rates locally is upward, the average rate on prime commercial loans being  $4\frac{1}{4}$ % to 5%. The average on mortgage loans, with an excellent demand for them, is between 5% and 6% with little or no opposition to these rates. The rate on personal loans is 6% for which there is a good demand.

As to the interest rate on savings accounts and time deposits, on May 1, 1951, the member banks of the Scranton Clearing House Association raised the rate from  $\frac{1}{2}$ % to 1% annually.

As to the trend for the next six months due to the tightening money supply and apparent continuing demand for credit, banks expect the rates to remain firm and possibly increase.

As to repayments, experience has been excellent, although in one bank at least there has been a slight increase in past due notes.

**ALLENTOWN, PENNSYLVANIA.** Rates on commercial loans are tending upwards. Also a stiffening of the rates on mortgage loans is evidenced with a greater reluctance on the part of banks to place mortgages at present levels.

Personal loan rates will not be changed, as the majority of these loans are made on the limit that can be charged on such loans.

There has been no indication by the local banks of any change of interest rates paid on savings accounts.

**WILMINGTON, DELAWARE.** Interest rates in general in this area have firmed materially in the past year. As the national prime rate has been increased, local banks here have followed suit. Interest on mortgage loans or personal loans has also firmed, the former being on a 5% basis with only a very few prime mortgages being taken at  $4\frac{1}{2}$ %.

Interest on time deposits has remained unchanged. All commercial banks are paying 1% and have done so for a number of years. There seems to be no thought of changing this. There are two mutual savings banks in the city, one of which has always paid  $2\frac{1}{2}$ % and continues to do so while the other pays 2%.

Most loans are being taken care of satisfactorily. Banks have endeavored to restrict their lending in compliance with the Voluntary Credit precepts and have in every instance cooperated among themselves so that abuses would not take place. Outside of the possibility of increased borrowing for defense purposes, it would seem that loans in the immediate area were perhaps at a maximum.

**HUNTINGTON, WEST VIRGINIA.** There has been talk among the local banks favoring increasing the interest rate on time deposits but no action up to the January meeting.

There has been an increase in the commercial loan rate but not mortgage and small loans. The rate on mortgage paper remains at 5% other than Government-guaranteed paper; the rate on auto loans and other in the small loan field has been the same for ten years.

The increase in the commercial loan group has been mainly in the lower brackets predicated upon the prime rate increase by the New York City banks.

Note liquidations remain satisfactory in all categories. The feeling in this section is that there will be some retrenchment in borrowing or at best a static position in loan portfolios for the first half of 1952. There may be some new capital loans for the defense group but other than that there shall be little demand for increased credit from the usual sources.

## Midwest

**CHICAGO, ILLINOIS.** Rates on prime risks are firm at 3%. This rate has been increasing according to the pattern established by the New York banks. Rates on other loans have been adjusted accordingly.

On July 1, 1951, rates on savings increased from  $1\frac{1}{4}$ %

to 1½%, which is the current rate. Generally, loans are being paid according to schedule. The exception would be on defense loans, where modifications sometimes prove necessary because of changes in procurement contracts or production and delivery schedules, etc. Naturally, there are some loans which are being anticipated and a few that require some resetting.

There should be some increase during the first six months in loans for defense contracts and loans resulting from accelerated tax payment needs.

**CLEVELAND, OHIO.** Demand for loans will be strong and interest rates firm, perhaps increased in the near future.

The progress of inflation has required larger amounts of money for capital and working capital purposes. The dollar carry of receivables and inventories has been rising and created a demand for bank funds. There has been a gradual decrease in the liquidity of statements with a larger proportion of assets in inventories and fixed assets in relation to cash and receivables. At present volumes and price levels, this demand for bank funds bids fair to increase, particularly in view of accelerated tax payments.

Taxes also have a tendency to tax "paper profits" of inventory and other assets with a decline of liquidity of business. There are many statements with cash and Government bond holdings substantially less than the liability for tax accrual. This can only mean that such companies are, for the time being, financing themselves by their tax accrual and this inadvertent borrowing must, in large part, be shifted to the banks in the first six months of 1952.

Generally, the money market is getting tighter. The unpegging of the Government's market by the Federal Reserve, besides implying higher interest rates generally, has impeded the lending of funds by the long term lenders, such as insurance companies, who can only raise lendable funds by selling government bonds at discounts. While the commercial banks are influenced by this circumstance and the whole money market pattern it produces, a majority of commercial banks are more particularly influenced by the size of their "risk assets" in relation to capital.

It is axiomatic that, while bank deposits and lendable funds are high in relation to bank capital, the degree to which these funds can be converted into loans must bear some relationship to banking capital. While this situation varies from bank to bank, the lending ability of the system is reaching a pressure point.

There have been two increases in the prime rate since October 17, 1951. It is expected that the Federal Reserve rediscount rate may increase in the near future and a further increase in the prime rate is a distinct possibility.

Small businesses which do not have access to substantial amounts of credit have shown a tendency to go slow in their payments as their funds, in turn, have been tied up in receivables and inventory. This tendency appears to be on the increase and with many of these companies having difficulty in obtaining materials, some credit trouble can be expected in this area.

There has been a tendency for deposits to increase, both commercial, and time savings. However, for reasons outlined above, these deposits are not readily convertible into loans without a sizable increase in banking capital. The circumstances do not favor raising banking capital in any substantial amounts. Therefore, despite higher interest rates on loans, offset by increased taxes and operating costs, the commercial banks are under no temptation to pay higher rates on savings and under present circumstances of increasing deposits are under no real pressure to do so. It would appear that while the money market rate for bor-

rowing will be very strong this is not likely to be translated into a higher savings interest rate in the near future.

**YOUNGSTOWN, OHIO.** Rates charged on average commercial loans have been increasing during the past six months. This does not apply to consumer credit rates.

Mortgage rates have followed this trend and in some cases have been raised as much as 1%.

Interest on time deposits has not been changed. However, it seems quite possible that the building and loan associations will increase their rates before the year is out and the banks may be forced to follow.

Payments on loans have been very good during the last six months, except for a little tapering off during the last 30 days. Largely due to new tax schedules, renewals and extensions of credit are expected.

**DAYTON, OHIO.** Banks here are in competition with larger cities like Cincinnati, Cleveland, Chicago and New York, and have endeavored to increase rates on all loans accordingly.

Mortgage loans were as low as 4% but are now around 5%.

Commercial loans range from 3% up as high as 6% on small loans.

Collateral loans and unsecured personal loans are 3½% to 6%.

Time credit loans running as long as 12 months are on a 6% discount basis, repayable in monthly payments. The demand for loans may continue strong and even increase by reason of the accelerated tax payments in the next six months.

Interest rates may strengthen somewhat more in the lower rate bracket, and total loans should be higher in the next six months than total average loans in the past year.

**ALLIANCE, OHIO.** Interest rates have been stiffening for the past six months to a year. The average is about 5¼% with the range from 3½% to 6%. Mortgage loans on homes are on a 5% basis. This has been the rate for the past five years, and it now looks as though the rate may be increased possibly to 5½%.

Personal loan rates range from 5 to 7% discount, with





interest on time deposits remaining at 1% insofar as banks are concerned; however building and loans are increasing their rates from 2% to 2½%.

**PORTSMOUTH, OHIO.** There has been a definite firming of rates during the past six months. This is reflected in commercial and mortgage loan rates, with consumer credit rates remaining static. The prime rate to commercial borrowers is now increased to 3% from 2¼%, and practically all mortgage paper is 5 and 5½% as compared to 4 to 5% earlier in the year.

Although the building and loans in this area have increased their rates to 2½% during the year, bank rates on time deposits have remained the same namely 1% to 1½%. There has been considerable talk by banks in the area of increasing the rate on time deposits.

Repayment experience continues very satisfactory with the exception of consumer credit loans. During the past three months there has developed a lethargy in this one category, although it is not a subject of alarm at the moment.

At least for the next six months loan activity should remain fairly high.

**NEWARK, OHIO.** The trend of rates on commercial loans is upward. On mortgage loans there is not much change, excepting that the minimum rate seems to be 4½% rather than 4%, as it was some little time ago. There is no change on personal loans. However, in connection with all loans, borrowers are conscious of the tightening of rates and there is not too much resistance to increasing rates.

Banks in this section generally have not been increasing the interest on time deposits. Competition from building and loans is keen. Some building and loans in this area went up to 3% six months ago, but have gone back to a 2½% rate. In many communities the regular rate paid by building and loans is 2%, and 1% by the banks, but in other communities the rate paid by building and loans is 2½%.

Business concerns feel keenly the over-extension of inventory and are making a real effort to get them down in line with their volume of business. Commercial loans are being paid on or before schedule, and customers are not asking for extensions. Mortgage loans and instalment credit payments are being made very well. Bankers feel they must be resourceful to hold their present loan volume. Competition is likely to be very keen for loans.

Screening loans in keeping with the spirit of the Voluntary Credit Restraint Program eliminates some loans, and business men are conscious of borrowed money and the difficulty of repaying it under our present tax structure. There seems to be a more conservative attitude on the part of business.

**HAMILTON, OHIO.** The six months' total on average interest rates for commercial loans is up ½%, mortgage loans, up ½%, personal loans, no change and on time deposits interest, no change. The possibilities appear good for a continuation of their rates during the next six months.

Repayment behavior on all loans continues good and extensions are few. The prospects for loans for the next six months remain good.

**LEXINGTON, KENTUCKY.** The trend of interest rates in central Kentucky firmed during the past year. The average rates charged for mortgage loans, commercial loans and personal loans have increased about 1%.

There has been no change in interest rates on time deposits in our area with the exception of Lexington where

the rate has increased ½% on deposit amounts over \$5,000.

In general, repayment seems to be satisfactory and a good demand for money exists. There will be a further tightening of rates if necessary to conform to the national pattern.

**SOUTH BEND, INDIANA.** Rates on commercial loans strengthened substantially during the year, particularly in the last six months. This involved in the case of one bank an over-all increase of approximately ½ of 1%. Unless competition changes, it would appear the rates for personal loans will continue at the current level. Mortgage loan rates have not increased, and there appears to be no change in the offing. Commercial rates will continue firm, and there is a possibility of further stiffening and slight increase within the next six months.

There has been no change during the year in the interest on time deposits, and at the moment, there is no reason to believe that these rates will be altered upward during the current year.

The repayment record has been most favorable. In the majority of cases, businesses are requesting continuation of lines, and there does not appear to be any reason to believe high liquidation of indebtedness will occur within the next few months. Demand for loans should continue during the first half of this year and no difficulty should be experienced by local banks in maintaining the present volume.

**INDIANAPOLIS, INDIANA.** Interest rates on short time commercial loans continue to firm. There have been no recent change in rates on mortgage loans, although they tend to soften a little with revived activity in GI loans. Rates on personal loans continue about the same.

Rates on time deposits in Indianapolis proper have not changed for some time, but through the state there has been a stiffening in interest on time deposits in a few communities.

There will be a continuing demand for commercial loans in our area over the next six months, which will exert an upward pressure on the rate structure.

Many concerns are faced with acceleration in Federal taxes. They will be calling on their banks for funds. Collections have been satisfactory on all types of loans.

**DETROIT, MICHIGAN.** Commercial banks stepped up the prime rate from 2¼ to 2½% in January 1951, from 2½ to 2¾% in October, and again from 2¾ to 3% in December. Rates on commercial loans in the secondary group and the smaller category are also being stepped up, but not on a straight percentage basis across the board.

Mortgage loans are all on term basis with fixed interest commitments; consequently, recent rate changes will have no effect on existing portfolios. New commitments, particularly on conventional bank mortgages, will in most instances be stepped up ½ of 1%, or from 4½ to 5%.

There has been practically no change in interest rates on personal and consumer credit loans.

During 1951 no change was made on the rate paid on savings. These for the most part, are invested in long term investments which carry extended commitments with interest rates frozen for the unexpired term of the notes. It will, therefore, be some time before the higher rate structure affecting these assets will permit adding to the cost of savings accounts.

Barring any drastic economic or political change, bankers see no reason why conditions during 1952 should be much different from 1951. With portfolios quite high, expenses and taxes still mounting, banks believe the present rates should at least hold for the ensuing six months' period.



**GRAND RAPIDS, MICHIGAN.** Interest rates generally have increased from  $\frac{1}{2}$  to 1% on all types of loans with the exception of consumer loans which have held steady.

There has been no change in the rate paid on time deposits. In most instances 1% is paid although there are some banks paying  $1\frac{1}{2}$ % and in one instance there is a special certificate of deposit issued which draws 2% rate after six months and if left five years,  $2\frac{1}{2}$ %. There is no particular indication at the present time of any change in the rates now being paid.

Loan repayment record is generally favorable. Business generally is good, with many concerns contributing to the defense effort, mainly as subcontractors. There is a strong probability that there will be a substantial demand for financing during the next six months.

**SUPERIOR, WISCONSIN.** There is a feeling here that bankers throughout the country are unnecessarily worried about the rate on savings and that an increase to 1% or  $1\frac{1}{2}$ % will not bring about much increase in savings accounts.

Banks here have been paying  $\frac{1}{2}$  of 1% for a great many years. At the last meeting of the clearing house this matter was discussed at length and the increase to 1% was voted down.

The demand for loans is not great and with the bulk of funds in short Government notes or bills, it is felt there would be little profit if any if the trend of the interest rate on time deposits should continue upwards.

**JANESVILLE, WISCONSIN.** Up to this time there has been no agitation for an increase in the present rate of 1% on time deposits. However, banks not located in adjacent areas have increased their rate to  $1\frac{1}{2}$ % and it is quite possible that before too long local banks may have to do likewise.

Within the past six months rates on real estate mortgage loans have increased by  $\frac{1}{2}$  of 1%. On loans which do not exceed 50% of the appraised value of the property, the rate is  $4\frac{1}{2}$ %; on loans above 50% and up to 60% it is 5%. The rate on small amount loans is 6%, on personal loans payable in monthly instalments, it is 5% discount plus a 25¢ per month bookkeeping charge. On larger loans on collateral the usual rate is 5% and on large commercial loans to responsible borrowers, the rate varies from 4 to  $4\frac{1}{2}$ %.

Borrowers are meeting their maturities in a satisfactory manner.

**WINONA, MINNESOTA.** Considerable interest about rates has been aroused all over Minnesota, particularly in this area, during recent weeks. It was partly prompted by building and loan competition, which has been rather keen in some areas, and also by the fact that an increase of income from higher rated securities appeared to justify more liberal return to the savings depositors.

Previously most of the banks in the area were paying 1%; however, most of them have gone to  $1\frac{1}{2}$ % on savings and are issuing 2% 12-month certificates. Those who have not raised their savings rate have agreed to issue a six months certificate of  $1\frac{1}{2}$ %.

There has been some tendency, at least, to increase the rate charged on loans. However, in a country area like this the rates are not so flexible as in the city banks. There has been a tendency to increase the rate on mortgages at least  $\frac{1}{2}$  or 1%.

**SAINT CLOUD, MINNESOTA.** The trend of rates has been slightly upward with commercial loans at 6%, mort-

gage loans at 5%, personal loans around 7 to 8%. In the past six months, interest on time certificates of deposit has increased from 1% to 2% where money is left on deposit for 12 months. Generally, bankers feel that the rates will hold firm or possibly may be slightly higher during the next six months.

There has been a perceptible slow down in repayments and a few extensions, but perhaps not enough to say this is a trend.

Most bankers feel that the prospect for loans in the first half of this year is good.

**MADISON, WISCONSIN.** The rates on mortgages have recently risen from 4% to 5% with a good demand.

Banks are paying only 1% on savings accounts while recently the building and loan associations have gone to 3%, which means banks may have to increase their savings rates to 2%.

Merchants' Christmas sales were not as good as expected so many of them were asking for extended credits until further liquidation of their stocks.

**ROCHESTER, MINNESOTA.** In the past six months basic rates have been increased on commercial loans. On conventional mortgage loans the rate is 5% which is what it was during all of 1951 with no present indication of an increase. The rate on personal loans has not changed.

The rate on savings has increased  $\frac{1}{2}$  of 1% with some of the banks offering a 1% increase for certificates of deposit issued on a yearly basis.

These rates will continue, with a tendency to strengthen if any change occurs in New York.

Collections have been quite satisfactory, but it would appear that in the first half of '52, due to lack of working capital plus tax payments, there will be a greater demand for funds.

**ALBERT LEA, MINNESOTA.** On December 1, 1951, local banks increased rates on savings and time certificates from 1% per annum on each, to  $1\frac{1}{2}$ % on savings and 2% on 12 months' certificates. Rates on consumer instalment loans are unchanged. Dwelling mortgage loans have increased  $\frac{1}{2}$ % during the past months, and on farm mortgage loans, the same amount. Industrial loan rates have increased about the same amount.

Bankers do not expect a further increase in the near future in rates on deposits. There is a possibility that loan rates may increase further if recent strong demand continues, in view of the upward trend of prime money rates in New York and Chicago, and recent weakness in Government bond prices.

On the whole, liquidation experience continues satisfactory. Some businesses have anticipated repayment schedules, and others have asked for extensions, usually because of continued large volume of business and need for the funds to carry inventory and accounts receivable. It appears that loan demand will be slightly less in the coming year.

**ROCKFORD, ILLINOIS.** Our commercial loan rate has been generally increased from  $\frac{1}{2}$  to 1%; mortgage loans, from a  $4\frac{1}{2}$ % rate to 5%; personal loans, no change except on consumer credit paper purchased from dealers, where there is an increase of about  $\frac{1}{2}$  of 1%.

Banks are still paying 1% on time deposits. Some thought was given to increasing the rate but no action taken.

The demand for loans does not appear to be as heavy now as six months ago.

**MACOMB, ILLINOIS.** The demand for loans has been very strong for the past six months, and is so at the present time. The rates have been hardening quite a bit, and this applies to loans of every kind.

There has not been any increase in rates on time deposits in this area. Banks are paying 1%.

Rates on loans are going to remain quite stiff through the coming six months. Farmers held their corn, beans and oats in storage until after January so as not to let the '51 crops go into their 1950 income taxes. On real estate, repayments are about normal and the same is true of instalment loans.

Extensions are being made, mostly by farmers holding their grains, but there should be considerable liquidation now. We expect a continuation of the demand for funds in various lines for six months ahead.

**ST. LOUIS, MISSOURI.** On the average, rates on commercial loans were increased about  $\frac{1}{4}\%$  the latter part of October, 1951, and another  $\frac{1}{4}\%$  general increase took place more recently.

The mortgage rate has remained fairly steady the past six months, at a general minimum of  $4\frac{1}{2}\%$ . On personal loans the rate had been fairly stationary until about October 1 of last year, because of the statutory situation of the State of Missouri. Since October 1, when the new rate basis for small loans was put into effect here, there has been a tendency to increase the rates slightly, to bring them more in the line with recent conditions. On savings accounts the basic rate has continued at 1% per annum.

In view of the continuing demand for funds, and the general conditions in the money market, no downward movement in interest rates is expected during the next six months. Whether or not there is any further increase in that period will depend a good deal upon the spring and summer demands made upon banks, particularly as such demands may be enlarged by the need to take care of higher income taxes in 1952, under the accelerated tax plan.

There has been no serious evidence of increase in delinquencies in any of the loan divisions. There has been, however, a slackening in the number and amount of prepayments made on mortgage loans. We anticipate a continued active demand for loans in the first half of 1952.

**SPRINGFIELD, MISSOURI.** Interest rates have undergone little change in the past year or two. The prime

rate at this time is 4% and the average rate for commercial and industrial loans is at least 5%. Loans to smaller industries and small merchants and to the agricultural interests are for the most part 6%, although prime agricultural borrowers can still obtain operating and livestock purchase funds at 5%.

Mortgage loans on residential construction are not offered at less than 5% and the rate is fairly well stabilized at 6% on older properties. The rate on industrial and commercial construction is approximately the same.

There has been no change in interest on savings deposits in this area and banks, generally, are still paying 1%. It would seem this rate should be raised at least  $\frac{1}{2}$  of 1% in the near future.

It appears that loan demand will continue strong at least during the first six months of the year.

During the past year business generally has found it difficult to retire commercial lines of credit, due in some instances to heavy inventory positions, and, in others, to a shortening working capital position by reason of heavy tax payments and mounting costs of operation.

**ST. LOUIS, MISSOURI.** Loan portfolios are around their peak and no substantial falling off of commercial credit demands during the next few months is expected. Most corporations are taking care of repayments as scheduled, and banks anticipate additional borrowings for income tax purposes.

The major banks are still adhering to a 1% interest rate on savings accounts, and there is no disposition to increase it. The feeling is that to increase to  $1\frac{1}{2}\%$  would not accomplish anything as far as competition is concerned because some of the outlying banks and the savings and loan associations, are now paying 2% to  $2\frac{1}{2}\%$  on savings

**DES MOINES, IOWA.** Rates on commercial loans have been increased on two different occasions following the New York and Chicago increases. In one bank, for example, the average during the year on commercial loans was 4.09%, on mortgage loans 4.31%, personal, or instalment loans 8.84%.

Interest on time deposits during the past six months has risen at some of the banks; others having paid more have not moved up. Practically all Des Moines' banks are now on the basis of 2% on the first \$1,000,  $1\frac{1}{2}\%$  on the next \$4,000 and 1% above. One bank pays a 1% straight rate. Savings deposit totals are not increasing in Des Moines. The reason for this is that building and loan associations are paying 3% and banks feel it is impossible to cope with that kind of competition. Total building and loan accounts are almost double total savings accounts in banks.

A fairly sizable increase in loans is expected.

**COUNCIL BLUFFS, IOWA.** Interest rates, in this area, are strengthening. The three banks, which belong to the clearing house, adopted such a policy some six months ago. They are charging 6% on practically all real estate loans made today and nothing less than 5%. They are limited, in the State of Iowa, to a 6% discount rate on instalment loans, but prior to 60 days ago were making automobile loans at  $4\frac{1}{2}\%$ , on which they are now getting 5% discount. The balance of all instalment loans is on a 6% discount rate. There has been some talk with reference to raising the rate on savings accounts from 1% to 2%, but to date nothing definite has been done. All three of the banks are now running between 50 and 55% in loans, but due to the number of cattle on feed in this area, this volume will be reduced during the next few months. Banks are satisfied with collections, but find that a good deal more time is having to be devoted to them.



"Gee! Thanks a lot! How can I ever repay you?"

**NEBRASKA CITY, NEBRASKA.** There does not seem to be much change in the personal or commercial rates for loans, but the rate on farm mortgage loans is up  $\frac{1}{4}$  to  $\frac{1}{2}$ %. New loans now cost  $4\frac{1}{2}$ % for the most part.

Some farmers' notes will have to be carried over perhaps another year as corn crop was soft from too much rain and an early freeze. So far business loans are being paid as due.

**GRAND ISLAND, NEBRASKA.** It is apparent that bankers are becoming more rate conscious. The rise of but  $\frac{1}{4}$ % on  $2\frac{1}{2}$ % paper in the East is equivalent percentage-wise to a rise of over 1% on a country bank's 6% paper. There has been some hardening in rates even on ranch loans and nothing appears in the offing to reverse that trend.

The rates on mortgage loans have recently been raised by  $\frac{1}{4}$ %. Insurance companies operating here and even the Production Credit Associations have done the same. Rates on savings deposits remain unchanged.

In the corn belt the partial failure of the corn crop obviously has resulted in some tardiness and in some cases necessitated renewals. The Federal Reserve bank's Voluntary Credit Restraint Committee appears to be functioning. And that, in addition to a strong demand, has had a tendency to tighten money and to harden rates.

**SIOUX FALLS, SOUTH DAKOTA.** The trend here is toward slightly higher interest rates on commercial and mortgage loans. Conventional real estate mortgages are being made at a low of  $4\frac{1}{2}$ %, with the average at 5%.

All banks in the city recently increased their interest rate on time deposits  $\frac{1}{2}$  of 1%.

Business loans seem to be in steady demand, with the usual repayment schedules and terms.

**MANHATTAN, KANSAS.** This area was in the disastrous July flood which has had some influence on deferring any increase in rates. This was declared a disaster area so far as the making of RFC loans was concerned, and approximately \$2,000,000 of such loans were granted. The total loans of Manhattan banks were approximately \$5,000,000. The RFC rate 3%, with interest for the first four months waived. Banks are not critical of this help, as many of the loans could not have been made by the banks, and it was only through such aid that many businesses were able to re-open. This fact, as well as a general concern for the financial condition of the citizens, has deferred increasing the rates on loans up to this time.

However, one bank increased the rate on real estate loans  $\frac{1}{4}$  of 1%, and expects to increase the rates all along the line in 1952. Effective January 1, 1952, this bank increased the rate on savings and time deposits from 1% to  $1\frac{1}{2}$ %. The repayment records of our loans appear normal, giving proper allowance for the conditions created by the flood. Banks expect the demand to be moderately up.

The Manhattan banks did not sustain heavy losses due to the flood, although losses will be above normal.

## *The South*

**NEWPORT NEWS, VIRGINIA.** Rates on loans are moving upward.

Mortgage loans are up during the past year approximately 1%. Banks are not experiencing any trouble getting from 5 to 6%.

Rates on personal loans have held around 6% during the last two years.

Rates on time deposits with the exception of building and loan associations, are ranging from 1% compounded semi-

annually to 2% compounded semi-annually. Banks are very much concerned about the competition from building and loan associations. Their ability to pay a high rate is occasioned by the fact that they are not required to pay Federal income taxes unless they have a 12% surplus. Present interest rates on time deposits will continue for the next several months as they are.

Repayment behavior is good. Very few extensions are requested and quite often anticipated repayments are made. Being a defense area with the possibility of new additional houses to be built in 1952, the loan prospect for the first half of the year should be very good.

**RICHMOND, VIRGINIA.** Richmond has followed the prime rate up from the  $1\frac{1}{2}$ % figure some years ago to the present 3% rate, as other large centers have done. Rates within the past six months on other loans have also moved up. Some old loans at 4% or above were held at the old rate until within the last month or two. Practically all rates have been adjusted within the past 30 days.

There have been no changes in the rate on time deposits lately, but this will probably take place early this year.

Bankers are not agreed on the probability of the 3% rate holding. More feel the rate will hold than that it will decline. There have been recently more extensions requested by both individuals and corporate borrowers than has been true for some time, although no definite trend is discernible. Loans should decline seasonally 10% to 15% between now and June 30.

**MEMPHIS, TENNESSEE.** The current rate trend on mortgage and commercial loans is up and on personal loans is now close to the legal limit. Interest on time deposits shows either no change or is up.

This trend seems likely to continue for the next six months. There is a disposition to ask extensions on repayments.

The prospect for loans for the next six months is good.

**PETERSBURG, VIRGINIA.** One percent is still the rate on savings accounts and certificates of deposit in one bank but two others are paying  $1\frac{1}{4}$ %.

Rates on real estate loans and commercial loans are up  $\frac{1}{2}$  of 1%. The lowest rate now is 4% and the highest is 6%. Commercial and real estate borrowers are generally prompt.

**GREENVILLE, SOUTH CAROLINA.** Rates have followed the upward trend evidenced in the principal money centers. Practically all types of commercial credit are taking a higher rate, and the same is true on loans secured by various types of collateral and mortgage loans.

There does not appear to be any indication of rate softening any time in the near future. The demand for money should continue strong during the first half of 1952 and possibly for the entire year.

**COLUMBIA, SOUTH CAROLINA.** There has been a definite general increase in rates on the average commercial and mortgage loans, particularly in the last thirty days. There appears no change in the rates on personal loans. One bank and one building and loan have increased their interest rates on time deposits. This trend should continue the next six months. The repayment behavior is normal.

**AUGUSTA, GEORGIA.** Rates have been upward on commercial and mortgage loans. Personal loans are already at their legal limit. Interest on time deposits has not changed. Rates appear to have steadied for the present, but should they change, it will be upward.



Augusta is in a peculiar situation due to proximity to the H-bomb plant, and demand for loans is very heavy.

**COLUMBUS, GEORGIA.** Demand for all loans continues strong. Rates have been raised all along the line, with the exception of the small loans which were already high.

The trend should continue for the next six months.

**MACON, GEORGIA.** There has been some general rise in rates during the past year, but banks in this territory are looking at this situation seriously. The prime rate has gone up about  $\frac{3}{4}$  of 1% in the last three or four months. Mortgage loan rates went up about a year ago and probably will not go much higher. Personal loan rates have been steady for several years, and probably will not go up much more. Interest on time deposits has not changed in the last six months, but the situation is being studied.

If commercial loan volume goes down, as has been predicted, there will be very little additional rise in interest rates within the next six months. If, however, there should be a heavy demand for money from commercial borrowers rates will go a little higher, except in the prime risks.

Large commercial borrowers are finding it hard to make enough money after taxes to take care of the present high inventories. Those who have expanded in the last two or three years are finding it hard to pay back any borrowed money, even if borrowed on a term basis.

A rather heavy demand for loans is expected if business continues at about the same level as in 1951.

**MILLEDGEVILLE, GEORGIA.** The prevailing rate on commercial and mortgage loans is approximately 6%. On some small personal loans banks sometimes get 8%. A few large customers with excellent rating and collateral are accorded rates of 3% to 5%. These rates should continue for the next six to twelve months. The rate on time deposits is 1%.

Loans are repaid as a general thing on schedule.

Loan demand this year should not be materially different from last year.

**VALDOSTA, GEORGIA.** There has been little change within the last six months in our rate structure, if anything a slight increase. For ten or twelve years 1% on our time deposits has been the rule and the rate on commercial loans has been held to 5%. Within the last year or so one bank has attempted to increase this rate on some loans to 6%, except on those secured by marketable securities or government bonds which were accorded a minimum of 3%.

Real estate loans, except those insured by FHA or guaranteed by VA, get a rate of 6%.

Repayment behavior is very favorable, the general condition of customers being good and particularly so at this time of the year as the main crop is tobacco which is sold around the first of August.

**MOBILE, ALABAMA.** Rates on commercial loans for the past six months have shown a strong upward trend indicating an increase of from  $\frac{1}{2}$  to 1%. Renewals will perhaps reflect the full 1% increase after the normal cycle of renewals has brought the entire loan portfolio into negotiable position.

Mortgage rates follow practically the same pattern, probably from  $\frac{1}{2}$  to  $\frac{3}{4}$ % over the first half of 1951. Mortgage money for home construction seems scarcer.

Rates on personal loans, being relatively high, have not changed.

Loan demand for the first six months of 1952 at current rates promises to be slightly better than the same time last year, although for seasonal reasons may shrink.

There are mixed opinions as to interest on time deposits. Some feel this rate should be increased some time during 1952. Others believe there is no need for such action. Some feel that there is public pressure for the banks to increase this interest, that the rate is tied to the firming up of interest rates on loans and should be raised to offset criticism of loan rate increases. Others seem to feel that the rate on time deposits is not a factor in the public's thinking. One large bank conducted a survey over the past few months, contacting all of the principal money centers throughout the southeastern area regarding this question. Replies indicated no necessity for an increase now.

There is currently a spread of from 1 to  $1\frac{1}{2}$ % between rates paid by banks on time deposits and that of Government bonds or shares of so-called "similar" depositories. Yet there has been a gradual rise in time deposits the past year. If the public's thinking had been tied to the investment angle, there would have been a decline.

Any possible increase in this rate would perhaps be less than 1%, which would still not place time deposits on a par with either savings and loans, Government bonds, or similar investments. It would seem that the public has forgotten the interest feature on time deposits to a great extent and are primarily using the savings departments of the banks as a depository for cash to be used at some future date or for accumulation of small amounts into an investment fund.

There has been some small loss of savings deposits to other types of depositories such as savings and loans, however, it is the belief of the bank that made the survey that most such deposits had only been temporarily left with the bank until some suitable investment could be found.

**DOTHAN, ALABAMA.** The trend in rates on all bank lending is definitely upward. Where practicable the rate on large commercial loans has advanced from 4% to  $4\frac{1}{2}$ %, and on mortgage loans from 5% generally to 6%. Charges on personal loans are up to approximately 12% flat. No change in this trend is expected during the next six months.

Repayment behavior has been good.

Loan prospects for the first half of this year are good. This is due in part, of course, to the increased cost of agricultural production, which comprises a high percentage of local lending for the first 90 days of any year.

**TEXARKANA, ARKANSAS.** Rates on all loans during the past six months have risen. There has been no change in interest paid on time deposits. The trend during the next six months is expected to continue upward. Because of the fact that a number of cities in this section have recently increased rates on savings accounts, local banks may be forced to increase such rates, but probably not for another six months.

Repayment on all types of loans continues satisfactory. An increase in the demand for loans is expected during the first part of 1952.

**VICKSBURG, MISSISSIPPI.** There is a tendency to increase interest on commercial and mortgage loans. Rates run 5 and 6% per annum on both classes. The personal loan rate is 6% payable monthly, running generally 12 months. On time and savings deposits the rate is 1% and this is fixed annually by the State Comptroller of Banks.

No great change in the trend of loans during the next six months is expected.

There is a good demand for loans for the building of homes.

**SHREVEPORT, LOUISIANA.** The clearing house banks pay 2% on savings, which rate was increased to that figure.



effective October 1, 1951. The limit on interest bearing savings deposits is \$2,500 in any one account.

There has been an upward trend on the rate charged on commercial loans during the last six months and for the last 60 days the rate has increased on commodity paper, such as loans to cotton merchants and commercial loans. There has not been any noticeable increase in the rate on mortgage, automobile and other consumer loans and personal loans. The opinion is expressed locally that the trend toward higher rates will continue during the next six months. No substantial increase in the demand for loans appears likely during the next few months.

## Southwest

**OKLAHOMA CITY, OKLAHOMA.** Rates on commercial loans are rising. Customers with compensating balances have not been disturbed. Loans made months ago when banks were seeking loans are being called, or the rates advanced—say 1% from bases of 4 or 5%. Many lenders on real estate loans have reached their limit in volume and are out of the market. The prevailing rate in Oklahoma City is 5% where loans are made direct.

Rate on savings are now 2% up to \$5,000; on certificates of deposit, 1½%.

An upward trend from present rates is likely during the next six months because most banks in this area have as high a loan volume as they want. Also it takes more depreciated dollars to carry on business, and banks are reluctant to take the risk of making loans when the excess profits may amount to 85% of the income.

Repayments have been satisfactory throughout the year, although the wheat crop in this section was a partial failure. The deficit was made up from cotton and other crops.

**BEAUMONT, TEXAS.** With increases in the prime rate in New York and other cities, there has been a tendency toward the strengthening of interest rates here, although there is some resistance on the part of our borrowing customers. For instance, with the New York prime rate now being 3%, the best local names are being charged 3½% and 3¾%, which is approximately 1% higher than the rate was a year ago.

Banks are now endeavoring to get 4½% on ordinary commercial loans that recently were carried at 4% and are thinking in terms of 5% and 5½% as minimum figures on mortgage loans. There has been little change in the cost of personal loans.

Interest rates seem likely to strengthen, which banks feel is as it should be in view of the money situation generally, the constantly increasing cost of doing business and the heavier tax bite. Indications are that there will be a continued strong demand for credit during the first half of this year.

**EL PASO, TEXAS.** Commercial loans have been in large demand due to heavy inventories and lower dollar value under rising costs. Rates have been more or less constant for the past six months with some upward trend. Bankers are doing everything possible to hold down loan totals. Rates have been running on an average of 4½% to 5%.

Mortgage loan demands have decreased due to curtailment in the building program. However, rates seem to be constant, and repayments appear good at this time. Older properties have been moving more slowly due to the larger down payments required, and lending agencies have been more conservative in appraisals. Rates are running from 4½% to 5%.

Personal loan rates are more or less constant and repay-

ments have been good. The larger banks in this territory have been following an adopted plan, and if there is any change during the next six months, it will likely be due to the high cost of living and income taxes.

The rate on savings is 1% on the first \$10,000 and ½ of 1% thereafter. Savings have been increasing in our vicinity with some increase noted in the purchases of United States Savings Bonds. Few time deposits other than savings are carried, with 1% being paid thereon.

The first six months of this year will show little change over the past six months, with bankers generally striving to keep loan totals down to the lowest possible figure.

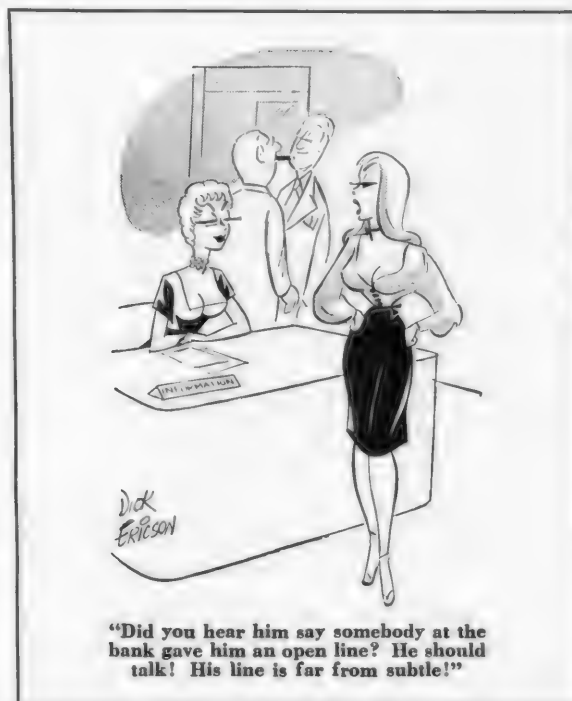
**WICHITA FALLS, TEXAS.** Interest rates have been holding steady for the past few months. The average rates on commercial and real estate loans vary from 5% to 6%, depending on the type of collateral and the size of the loan. An increase in applications for loans of various types is evident and banks feel that more care should be given to analyzing applications before loans are made.

Time deposits or savings bear interest at the rate of 1% up to \$500.

Repayments have been satisfactory, and bankers feel that business will continue to be good through the first half of this year.

**TUCSON, ARIZONA.** Interest rates in Arizona are firming up considerably, from 1% to 1½% higher than similar loans would carry on the Atlantic seaboard. The controls implemented by the Government to restrain inflation are generally being accepted by banks, and loans are being carefully scrutinized to determine whether or not they will tend to increase inflation.

The rate on commercial loans runs from 5% to 6%. On conventional mortgage loans, a prime mortgage would bear interest at 6%, with a high possibility of 7% and a low of 5%, but the overall average would be 6%. Personal loans under statute up to \$1,000 carry a rate of 8%, interest added, although if a customer has a better than average financial statement the rate can be as low as 6% added.



Time deposits currently are being paid at the rate of 1% interest.

Interest rates should continue to firm over the next year.

Repayment behavior is excellent. Most of our business loans anticipate repayment schedules, and we look for a very prosperous first six months in 1952.

## The West

**LOS ANGELES, CALIFORNIA.** The trend in interest rates on the average commercial loan is up. As the prime rate increases, all rates to other than prime borrowers are necessarily up. Three percent to some borrowers, when the prime rate was 1½%, looks like a good rate. With the prime rate at 3% now, this same rate would be 4% to 5%. Mortgage loan rates on conventional bank loans will likewise go up to between 5% and 6%. FHA and VA loan rates are fixed by law, which will make this loan less attractive in a rising rate market. Because the rate on personal loans has been traditionally high, there will be less change in rate in proportion, although finance companies will be forced to raise their rates because of higher cost of money to them.

Rates on savings deposits are tending upward in California. Six months ago most of the banks in San Francisco raised their rates from 1½% to 2%. One bank raised to 2½%. San Diego followed San Francisco, with one bank paying 2½%, the maximum allowed under Regulation Q. Banks in Los Angeles continued to pay 1%, but all outlying areas have gone to 2% in the last six months.

Banks in this state seem to have the mistaken idea they can compete with building and loan associations, which are freely paying 3% to 3½% in this state. No doubt if Regulation Q was not in existence some banks in this country would try to pay the same rate paid by building and loan associations.

One banker's succinct comment:

"Foolish as it is, the trend of increasing savings rates in this area will probably continue. The increase in loan rate should be used to build up capital and reserve, and in taking care of the forgotten stockholder."

The loan outlook differs for various types:

Commercial loans up, to take care of accelerated income tax payments, plus working capital for defense loans, plus more credit needed because of the increased price level.

Mortgage loans will tend to remain the same or go down slightly.

Personal loans should tend downward because there will be fewer autos and appliances available, plus a fairly saturated market.

Businesses are asking for extensions and increases in their commitments. It takes more dollars to do business in the present price level and tax structure. Earnings are not necessarily represented by cash, hence the need for more credit.

**LONG BEACH, CALIFORNIA.** Average commercial loans are 5% but with many as high as 5½%. Larger preferred lines get lower rates, even as low as 3%.

Mortgage loans are as follows:

Veterans guaranteed loans now on the books, with no new ones being made, are 4% FHA Title II are around 4¼%; regular bank mortgage loans are at 5% and 6%; personal loans are on a discount basis, small loans 8%, large loans 7%.

Interest paid by banks on time deposits is approximately 1% to 1½%. Local banks are paying varying rates of 1%, 1½% and 2% on savings accounts.

While no definite change has been noted in the last

30 days there is a general upward trend, with an effort being made in many individual cases to raise rates on commercial loans from ¼% to ½%.

Repayment behavior on loans in general appears satisfactory with possibly a slight tendency to slowing up. Personal loans and contract discounts slowed very moderately with some increase in requests for revision agreements.

This is an area of considerable activity and bankers in general anticipate a continuance of present loan levels through the first half of 1952.

**DENVER, COLORADO.** Rates on commercial and mortgage loans have been rising for months. New loans and renewals are gone over carefully with the view to raising rates anywhere from ¼% to 1% wherever it can be done. In many cases, renewals are made at the old rate with the advice that at the next renewal, if any in the 90-day period, the rate will undoubtedly be increased. On the small personal loans the rate has been sufficiently high. On larger personal loans rates are being constantly stiffened.

Interest on savings has increased in some cases as much as 1%. In other cases, on a graduated basis, the increase is from ½ of 1% to 1%.

The general opinion is that these high interest rates will continue for the next six months. Loan repayment behavior is normal. No substantial dropping off in the loan demand is expected the first half of this year.

**SAN FRANCISCO, CALIFORNIA.** While bankers generally have been endeavoring to increase commercial loan rates, it has not been possible to act as rapidly in the higher rate brackets as at the prime rate. The effect has therefore been to decrease the spread in rates. Efforts will continue to reestablish a reasonably extended rate range with the result that the average yield will undoubtedly increase over the next few months, if by nothing more, at least through renewal of unmatured obligations now outstanding at an earlier and lower prime rate. In view of the current earning and expense experience of commercial banks, coupled with the continuing loan demand, a further increase would seem warranted.

There has been a substantial increase of about 1% in rates charged on ordinary real estate loans during the past year. This, of course, has had very little effect on the average yield due to the long maturities involved and the fact that, with an increased interest rate and stringency in availability of FHA and GI financing, the normal percentage of anticipated payoffs has not been realized.

As to instalment loans, the principal portion of this portfolio is represented by automobile loans on which the rate has been constant for some years and due to non-bank competition it is unlikely that this rate can be increased in the near future. As personal loans, not conforming as automobile loans, last fall a 1% increase in the lowest bracket was successfully obtained, but a further increase in the near future does not seem likely, again due to competitive factors.

Last June 30 many banks increased their rates by ½% so that the standard rate is 2%. with a few at lower and higher rates.

The increased rates have been a factor causing borrowers to avoid repayment and refinancing of term obligations now outstanding at low rates. The demand for loans is expected to continue good.

Other centers, principally western, will be reported on next month.

WILLIAM R. KUHN

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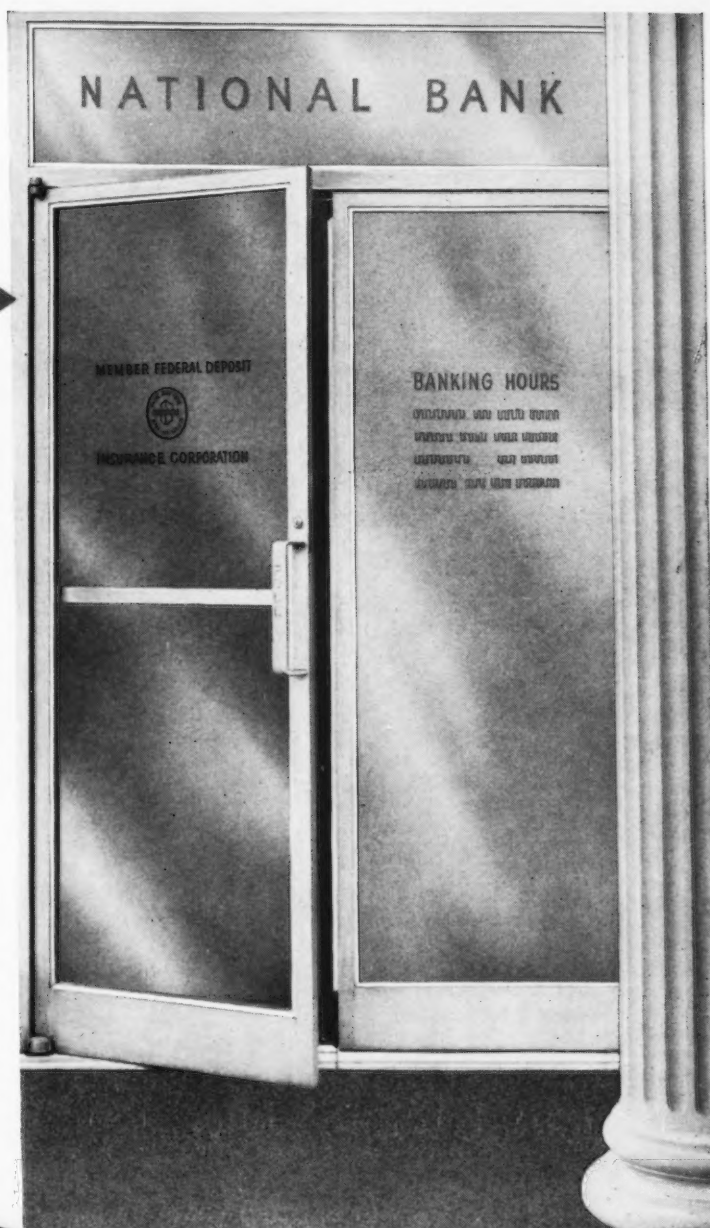
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